THE
Freeman

IDEAS ON LIBERTY

MARCH 1957

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A PRIVATE ENTERPRISE IN THE PUBLIC SERVICE

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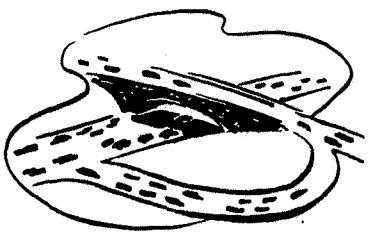
Compulsory Insurance VERSUS LIBERTY AND SECURITY

RICHARD C. BAKER

Is full insurance coverage worth the risk of putting the government in charge?



FOR generations vehicle drivers in this country have been required to account financially for their negligence upon the highways. They invariably have answered for their lapses out of their own private resources or those of an insurance company. Which of these they should use has been left for them to determine.

In 1927, Massachusetts took this discretion from its citizens and forced them to rely primarily on the latter means. It continued to be the only state to have this requirement until January 1, 1957, when it was joined by New York. New York, however, has long been considered the bellwether of the insurance trade, and it is not unlikely that many of the remaining states soon may follow its example.

All motor vehicle operators living in Massachusetts and others driving within its borders more than thirty days in any one year must furnish evidence of their financial ability to satisfy certain negligence damages. The law permits motorists to provide their security in the form of privately owned bonds or bank deposits, but the vast majority of them are compelled by the relatively high

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protection demanded to resort to insurance. The minimum amounts of protection allowed are $5,000 for bodily injuries to one person and $10,000 for all of those sustained in a single accident. The required coverage does not extend to property damages, or to injuries of either guests riding with a motorist responsible for an accident or of victims of out-of-state or off-highway mishaps. These types of coverage are encouraged but not commanded.

Poor Risks Allocated

Those motorists whom the insurance companies regard as poor insurable material but whom the law considers entitled to protection are insured under an assigned risk plan. Each company doing business in the state must take its share of undesirable clients on an allotment basis. The premium rates charged by the underwriters are fixed by the state commissioner of motor vehicles. Failure to have the prescribed coverage entails fines and jail terms.

It is quite obvious that under the Massachusetts plan the time-honored right of liberty of contract as applied to automobile liability coverage has pretty well gone by the board. The motorist there no longer can determine whether he shall be covered or what minimum protection he shall carry. Regardless of his motoring habits or personal temperament, he must take the limits set forth by law. Nor does he or his insurer have any part in deciding how much his coverage shall cost; an outside agency takes care of this matter.

When fixing the insurance rates, the commissioner is likely to be influenced primarily by the pressures of public opinion rather than by the loss experiences of the insurance companies. Each year he is besieged by numerous groups demanding low rates for their respective localities, and more often than not they succeed in obtaining them. They were so successful in their efforts in 1952 that the premium charges for the entire state were increased in general only 9.7 per cent, when actuarially they should have increased 22.5 per cent, which was the average for the rest of the country.

Unrealistic Rates

Failure of the commissioner to consult the loss records has cost the insurance companies in Massachusetts dearly. Since 1927, they have sustained a $40,000,000 deficit from writing automobile liability coverage. Yet the underwriters have little choice but to submit and try to absorb the shortage. If they refuse to sell automobile insurance, they not

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only will lose their Bay State customers for other types of insurance, but also will find a state fund emerging to handle motor vehicle coverage. It is feared that once a fund for this particular kind of insurance is provided, demands will arise for similar agencies for other forms.

Insurers Have No Choice

The underwriter, in one respect, is in an even less enviable position than his insured. The insured, with few minor exceptions, may determine who his insurer shall be, but the latter may not always choose his customers. As indicated above, not infrequently the carrier has thrust upon him certain dubious risks regardless of his wishes. Such a procedure, of course, undermines the very cornerstone of the insurance profession, for in this business as in others where the personal element is involved, freedom to judge individual fitness is of prime importance.

Unpromising as the status of the Massachusetts motorist may appear, his nevertheless is preferable to that of his New York cousin. In Massachusetts one may limit his coverage to the "five and ten" variety, whereas the New Yorker must carry the "ten and twenty" sort. The latter must do this even though he may be a hermit living in the heart of the Adirondack Mountains and driving a Ford of the 1922 vintage. The Massachusetts man also may elect whether to have the guest, property, out-of-state, and off-highway coverage. But not so with the New Yorker; he must have all of these.

The underwriters in New York, to be sure, may fix initially the rates they charge. But these cannot become effective until approved by the superintendent of insurance. Moreover, it is doubtful whether the insurers will be allowed this limited privilege very long. For soon after people commence buying compulsory coverage, they in all likelihood will refuse to permit private groups such as insurance companies to determine, even in part, how much they shall pay for it. They probably will insist that the state intervene and establish "reasonable rates," as reputedly has been done in neighboring Massachusetts. This is almost certain to occur if the premium charges continue to soar as they have in the past few years as a result of heavy accident losses and extravagant jury verdicts.

Careful Driver Penalized

A criticism frequently made of compulsory insurance is that it works an injustice on the innocent and prudent driver. It penalizes

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him by forcing him to buy insurance on account of other people's mistakes. According to statistics, approximately ten careful motorists in New York are now being disciplined because of the misdeeds of one heedless operator. Prior to January 1, 1957, there were 600,000 uninsured drivers in that state, 544,000 of whom, experience showed, were of a circumspect nature, free of accidents. Only 56,000 became involved in accidents, and even many of these either were without fault or had had only minor mishaps.

Another example of the unfairness wrought by this kind of compulsion is found in the case of the unmarried male driver under 25 years of age in New York. Even before the compulsory law went into effect, all such drivers were compelled to have insurance, though only a small portion of their number was accident-prone. The premiums which these young men, the prudent as well as the heedless, paid were unusually high. They averaged $200 per youth and amounted to as much as $300 in some sections of the state. These excessive rates unquestionably resulted from the relatively heavy negligence losses caused by the offenders in this age group.

"Uninsured Motorist Coverage"

A factor generally overlooked in all discussions of compulsory motor vehicle coverage is that, for a comparatively small sum, the prospective accident-victim can provide his own protection against the negligence of the uninsured

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motorist. Quite recently, insurance companies have pointed the way by offering their patrons a special service known as uninsured motorist coverage. Under this plan – available in about forty states in late 1956 – the insured driver may receive the coverage involved for a payment ranging from three to ten dollars in addition to his regular premium. For this amount, he himself, his spouse, and those relatives living with him will be protected, while riding in his car, for injuries sustained from the uninsured motorist anywhere in the United States and Canada. They will be safeguarded also from the carelessness of the hit-and-run driver, the out-of-state motorist, and the operator of either a stolen car or one used without permission of the owner. They will be shielded likewise as pedestrians from most of these misadventures. The benefits allowed fall into the $5,000–$20,000 brackets.

Insurance by Choice

Before the advent of the compulsory law in New York, the 3,700,000 insured car owners and their approximately 9,500,000 relatives were receiving these protections, and they probably still do. This left the 600,000 uninsured motorists, already referred to, and their 2,000,000 kinfolk exposed. However, these 2,600,000 persons might have become covered either through the purchase of car insurance by the owners, as just explained, or by the procuring of individual accident policies. In other words, nearly every inhabitant of the Empire State might have become secured against the mischances in question by individual action, and probably for much less cost than a single installment on a cheap television set. Such an arrangement, of course, did not release the motorist causing the accident from his liabilities; the insurance company compensating the victim became subrogated to his rights against the the wrongdoer from whom it could collect its payments.

Insuring oneself against the negligence of other people is not uncommon in the United States. Many life insurance policyholders carry double indemnity provisions, one purpose of which is to insure themselves or their beneficiaries against the lapses of the irresponsible motorist. Also, thousands of air and rail travelers each day buy accident protection against the inadvertences of their common carriers.

Compelling everyone to be insured against the hazards of the road is but another example of the creeping governmental paternalism which seems gradually to

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be engulfing the nation. In this matter as in others, officialdom has taken to ordering and directing the people to do things which they can handle very well by themselves. Certain self-appointed guardians of the public weal, who have a contempt for the ability of the people to solve their problems by either individual or free cooperative action, are forever insisting, and often successfully so, that the state command the public by legislative fiat how to conduct itself.

A Form of Socialism

Compulsory liability insurance may also be regarded as a form of socialism. It really constitutes the socialization of a segment of the underwriting industry. As previously pointed out, the large majority of motorists are so limited financially that they must resort to insurance rather than to private resources for their coverage. This inability to choose methods of protection, coupled with the compulsory requirement, forces each driver, whether he wants to or not, to assist with guaranteeing payment for the misadventures of the other operators insured by his particular carrier. In short, a situation is created thus by legislative decree wherein the road misfortunes of one are made the burden of all.

This form of compulsory coverage is not only a factor in promoting paternalism and socialism, but no doubt will play a major role in foisting "compensation without fault" upon the country, if and when that practice comes to it. Under this scheme of things, the motorist must help compensate even the wrongdoer for the injuries incurred as a result of his own negligence. Already many people here are being sold the idea that automobile mishaps are the creations of society, for which society is wholly to blame. Dovetail this notion with a plan wherein the wrongdoer is compelled to contribute to the general insurance funds, and it will then seem reasonable to most persons that this fellow, too, should be requited for the damages he has suffered.

False Security

A common boast of the compulsory advocates is that their plan tends to bring greater security to victims of highway catastrophes. This claim, however, is only partially true, and somewhat illusory. In the first place, not all accident victims are entitled to compensatory damages. With few exceptions, only those may recover who are involved in mishaps where the motorist responsible for the damage has been negligent and the injured party

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entirely free from blame. In the second place, the amounts recoverable in many cases in both Massachusetts and New York are by present-day inflationary standards only slightly "better than nothing." In the third place, if the Massachusetts experience is any guide, the minimum limits of protection required will be made in most instances the maximum, and the over-all insurance coverage will be much less than it would under a free insurance system.

More Harm than Good

A fourth answer to this claim is that compulsory insurance at best is only a palliative and never a cure – not even a preventive. This type of insurance will not save a single life or limb; on the contrary, it will probably aggravate the losses of both. For many a reckless motorist, if without coverage, will pause in his mad rush on the highway when confronted with the specter of a heavy court judgment against him. The same person, if shielded by an insurance policy, may throw discretion to the wind.

An evaluation of compulsory automobile insurance leads inevitably to the conclusion that this form of liability coverage produces more harm than good. For one thing, it violates some of our most highly-prized liberties, one of them being the freedom of the individual to choose alternatives in an area long reserved to him by tradition, practice, and good sense. Moreover, it fosters paternalism in government, and also promotes a species of socialism with all of its attendant regimenting effects. At the same time, it penalizes the innocent and holds out hope for compensating the guilty. Lastly, it lulls all into a false sense of security by offering a palliative instead of a cure.

Surrendering our freedom in this particular respect is but one of many similar occurrences which recently have been taking place without the American people realizing their full significance. Yielding our liberties one by one tends to conceal their cumulative effect, which may be total regimentation of our society. As one observes this process in development, he is reminded of the admonition of a wise and astute jurist. In warning his countrymen against sacrificing their liberties piecemeal upon the altars of expediency and the easy way, the late Justice George Sutherland had this to say: "A little water trickling here and there through a dam is a small matter in itself; but it may become a sinister menace to the security of the dam, which those living in the valley below will do well to heed." • • •

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Million Dollar Dream

I dreamed I had a million dollars and need never work again.

I thought of all the things I could now do because I had a million bucks. I would have the fanciest food money could buy. I would buy a fine house. Only the sportiest and most expensive automobile would suit me from now on. Clothing? Only the richest and finest would ever cover me again. Oh, I was in clover all right. My fondest wishes had come true.

In my dream I dressed and, being hungry, went to breakfast. There wasn't any. My wife was in tears. The food she had ordered the day before hadn't been delivered. Not even a bottle of milk or the morning newspaper greeted me when I opened the door. I tried to telephone the grocery but the line was dead. I said, "Oh, well, I'll take a walk and bring back something for breakfast."

The street was deserted. Not a bus, street car, or cab was in sight. I walked on and on. Nothing in sight. Thinking something had happened only to my neighborhood, I went to another.

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Not even a train was moving. Then people began to appear on the street — first, only a few, then many, then hundreds. I joined them and began asking questions: "What has happened? Where can I buy food?" Then I got the jolt. Somebody said, "Don't you know? Everybody has a million dollars and nobody has to work anymore."

At first I was stunned. I thought that somehow a mistake, a ghastly mistake had been made — but there was no mistake. It was really true. Everybody had a million dollars and thought that work was over for him.

Then it dawned on me as never before that all of us are dependent upon all of the rest of us; that to a small extent at least my labor had a place, a part, in the total welfare of mankind. With an angry shout I tossed to the winds even the thought of a million dollars.

Then I woke up. My dream was over. The sun was shining, the birds singing, my wife rattling the breakfast things. I looked out the window and saw a world of people moving about their tasks, each contributing a little to my life and living, just as I contribute to theirs. I called to my wife, "Hurry up with that breakfast, sweetheart, I want to get to work."

EDITOR'S NOTE: This fable, reproduced by permission of The Employers' Association of Chicago, illustrates that money is not wealth. Nor has it exchange value except as the owners and producers of goods and services find that it facilitates their trading with one another.

A society of nothing but consumers is indeed a dream that no amount of money can bring to realization. Anyone who attempts to issue money with no provision for its redemption in goods or services is due the same rude awakening that is in store for every dreamer of something for nothing.

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A look at what lies behind proposals of federal aid to education.

The Camel's Nose

UNDER THE SCHOOL TENT

ROGER A. FREEMAN

THE CRISIS in educational accomplishments in the United States has been observed by many persons. President Harold W. Dodds of Princeton University, for instance, has said: "High school graduates no longer have as firm a grasp on the basic 'three R's' – with all that they imply – as they had a quarter century ago."

Three out of every four freshmen entering the University of Nebraska in the fall of 1955 were not prepared for regular college English courses.

Rudolph Flesch's *Why Johnny Can't Read* remained on the best-seller list for 37 weeks.

History has become a thing of the past in many public schools; geography, an unknown and uninhabited territory.

U.S. News and World Report relates: "Many students [in European countries, including Russia] at 16 have acquired an education that compares with that of an American college graduate of 20 or 22 years."

The Educational Testing Service at Princeton found that 71 per cent of a group of prospective teachers of elementary arithmetic have a long-standing hatred of the subject. They drop it in high school as soon as allowed, avoid it in college, and return to teach another generation to detest it.

In the past five years, engineering degrees fell to less than half in the United States while the Soviet Union was doubling its output of engineers.

Many see this crisis as due only

Mr. Freeman, formerly Research Director of the Education Committee of the U.S. Commission on Intergovernmental Relations, was one of the Committee of Four assigned by the Committee for the White House Conference on Education to prepare an advance factual report on school finance and federal aid. This article is condensed from an address before The Civic Federation, Chicago, October 31, 1956.

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to a lack of funds. And they feel that this can be cured by federal aid.

Five Fallacies

The case for more finances for the public schools is commonly based on five beliefs:

1. "The schools are being discriminated against in the allocation of public funds."

The fact is that education has for many years been the largest item of public expenditure in the United States, next to national defense. Comprising about one-third of all state and local government expenditures, it is gaining on the other public services. Between 1900 and 1955 public school enrollment doubled, but school costs in price-adjusted dollars increased more than twelve times. The plain fact is that school funds have consistently risen faster than enrollment and are continuing to do so. The schools are *not* being discriminated against.

2. "The schools are now receiving a smaller share of the national income than they used to."

The fact is that expenditures for public education in 1955 were 3.8 per cent of the national income — 4.6 per cent, if we leave out war-connected expenditures — as compared with 1.5 per cent in 1900. The United States spends not only more money but also a larger share of the national income on education than any other country of record, according to the World Survey of Education by the United Nations.

3. "The shortages of teachers and classrooms are getting worse and the schools are falling behind."

The fact is that the number of teachers in the public schools has consistently risen faster than the number of pupils. The teacher-pupil ratio has been:

1 : 36.7 in 1900
1 : 30.1 in 1930
1 : 26.9 in 1955

Much of the teacher shortage is due to inefficient use of the available teachers. We have tended to limit rather than extend the services of good teachers, in contrast to other professions. Despite the

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declining financial rewards of a college education as compared with the manual trades over recent decades, teaching has been doing better than other professions in attracting candidates; and last year only 1.2 per cent of teachers in public schools left to accept other employment.

As to classrooms, there are many serious shortages all over the nation, but they can and will be met if we will avoid waiting for Santa Claus or Uncle Sam to provide them.

4. "The schools are being managed efficiently and are giving the most education for every dollar – but they are not getting enough dollars."

Since we are investing more money in education than in any other public undertaking except national defense, we should seek the cause of unfavorable results in how the money is being spent rather than in the amount we are spending. Dr. Clarence H. Faust, president of the Fund for the Advancement of Education, recently said that, as compared to the need for buildings and teachers and money for expenses, our school system "needs even more to find ways of making better and more effective use of its resources for the major purposes of education." Many communities are not willing to tax themselves more heavily for what today's schools are giving their children, yet nonpublic schools – despite their tuition charges – have been expanding three times faster than public school enrollment.

5. "The states and communities lack the fiscal capacity to take care of the school needs. Federal aid is necessary to provide adequate school support."

The fact is that there is no federal aid except that taken from within the borders of the 48 states. The Education Committee of the President's Commission on Intergovernmental Relations found no state economically unable to support an adequate school system, and concluded that "federal aid is not necessary either for current operating expenses for public schools or for capital expenditures for new school facilities." At the White House Conference on Education, the advance factual report of the Committee of Four on school finance and federal aid was altered before it was laid before the participants, with some of the questions changed in such a manner as to make it difficult to vote against federal aid. Yet the 1,800 Conference participants found that "no state represented has a demonstrated financial incapacity to build the schools it will need during the

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next five years." Though the citizens of even the low income states are not anxious to receive federal school aid, the Governor of prosperous New York pronounced in favor of federal aid.

It appears that the sponsors of federal aid have far more in mind than the $400-million-a-year initial program proposed. Their real purpose is to get a foot in the door, to get the principle of federal responsibility for the schools established, and then prove in subsequent years that the amounts were far too small. Beardsley Ruml has already proposed that the federal government contribute $3½ billion or more a year to the schools.

Regulation Accompanies Subsidy

It would be naive to assume that the federal government would spend several billion dollars a year for any purpose and have nothing to say on how the money is to be spent. Sooner or later federal administrators would suggest that schools conform to their ideas of how they should be organized and administered. This is what has happened in all other major federal grant-in-aid programs, as the amounts increased. History teaches that political power inevitably follows the power over the purse.

Judicial opinion has already been expressed on this point, as a matter of fact. The United States Supreme Court, in 1942, proclaimed:

> It is hardly lack of due process for the government to regulate that which it subsidizes.[1]

A Fateful Step

Federal aid in even small amounts, then, is but the first and fateful step in the nationalization of the public schools. And the dominant philosophy among these school administrators is just the opposite of improvement in educational standards and a restoration of learning in the schools. Instead, it is less emphasis on teaching the basic skills and more hours devoted to the social graces.

E. Smythe Gambrell, as president of the American Bar Association, last year declared his belief that federal aid to the public schools could ultimately bring the destruction of freedom in this country; that it would be nothing short of a national calamity for the public schools to become dependent upon federal aid.

President Eisenhower, while the head of Columbia University, once said about the proposal for federal aid for schools: "Unless we are careful, even the great and necessary educational processes in our country will become yet another

[1]United States Supreme Court. *Wickard v. Filburn*, 317 U.S. 111, p. 131, October 1942.

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vehicle by which the believers in paternalism, if not outright socialism, will gain still additional power for the central government.... Very frankly, I firmly believe that the army of persons who urge greater and greater centralization of authority and greater and greater dependence upon the federal Treasury are really more dangerous to our form of government than any external threat that can possibly be arrayed against us. I realize that many of the people urging such practices attempt to surround their particular proposal with fancied safeguards to protect the future freedom of the individual. My own conviction is that the very fact that they feel the need to surround their proposal with legal safeguards is in itself a cogent argument for the defeat of the proposal."

Again, in 1956, President Eisenhower warned of "the growth of a swollen bureaucratic monster government in Washington, in whose shadow our state and local governments will ultimately wither and die."

So while we hasten to attempt to cure the educational plight we are now in, we must not in our concern about a competitive race with Russia take steps making tragic prophecy of Abraham Lincoln's warning that "if this country is ever destroyed, it will be from within." What we must guard against is perhaps not so much the Soviets as our own tendency to yield to expediency instead of facing up to problems. • • •

Education and the State

ONCE THE STATE has accepted full responsibility for the education of the whole youth of the nation, it is obliged to extend its control further and further into new fields: to the physical welfare of its pupils, to their feeding and medical care, to their amusements and the use of their spare time and, finally, to their moral welfare and their psychological guidance. Thus universal education involves the creation of an immense machinery of organization and control which must go on growing in power and influence until it covers the whole field of education and embraces every form of educational institution from the nursery school to the university.

CHRISTOPHER DAWSON in *The Commonweal*, January 25, 1957

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Why the President said NO!

GROVER CLEVELAND
February 16, 1887

I RETURN without my approval House bill No. 10203, entitled "An act to enable the Commissioner of Agriculture to make a special distribution of seeds in the drought-stricken counties of Texas, and making an appropriation [of $10,000] therefor."

It is represented that a long-continued and extensive drought has existed in certain portions of the State of Texas, resulting in a failure of crops and consequent distress and destitution.

Though there has been some difference in statements concerning the extent of the people's needs in the localities thus affected, there seems to be no doubt that there has existed a condition calling for relief; and I am willing to believe that, notwithstanding the aid already furnished, a donation of seed grain to the farmers located in this region, to enable them to put in new crops, would serve to avert a continuance or return of an unfortunate blight.

And yet I feel obliged to withhold my approval of the plan, as proposed by this bill, to indulge a benevolent and charitable sentiment through the appropriation of public funds for that purpose.

I can find no warrant for such an appropriation in the Constitution, and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit. A prevalent tendency to disregard the limited mission of this power and duty should, I think, be steadfastly resisted, to the end that the lesson should be constantly enforced that *though the people support the Government the Government should not support the people.* [Emphasis added.]

The friendliness and charity of our countrymen can always be re-

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lied upon to relieve their fellow-citizens in misfortune. This has been repeatedly and quite lately demonstrated. Federal aid in such cases encourages the expectation of paternal care on the part of the Government and weakens the sturdiness of our national character, while it prevents the indulgence among our people of that kindly sentiment and conduct which strengthens the bonds of a common brotherhood.

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The Most Dreaded Enemy OF LIBERTY

JAMES MADISON

OF ALL the enemies to public liberty, war is, perhaps, the most to be dreaded, because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes; and armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few. . . .

The Constitution expressly and exclusively vests in the Legislature the power of declaring a state of war . . . the power of raising armies . . . the power of creating offices. . . .

A delegation of such powers [to the President] would have struck, not only at the fabric of our Constitution, but at the foundation of all well organized and well checked governments.

The separation of the power of declaring war from that of conducting it, is wisely contrived to exclude the danger of its being declared for the sake of its being conducted.

The separation of the power of raising armies from the power of commanding them, is intended to prevent the raising of armies for the sake of commanding them.

The separation of the power of creating offices from that of filling them, is an essential guard against the temptation to create offices for the sake of gratifying favourites or multiplying dependents.

From "Political Observations," 1795.
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LAW OF THE LAND IN England

The poorest man may in his cottage bid defiance to all the forces of the Crown. It may be frail, its roof may shake; the wind may blow through it; the storms may enter, — the rain may enter, — but the King of England cannot enter; all his forces dare not cross the threshold of the ruined tenement.

WILLIAM PITT (Earl of Chatham): Speech in the House of Commons, 1760

EDGAR BISSANTZ

FOR THE FARMERS of England – both owners and tenants – the proud old boast that an Englishman's home is his castle is as dead as Old Parr. It was killed by the drastic Agriculture Act of 1947.

In return for the beguiling promise of "guaranteed prices and assured markets" for farm products through price fixing, grants, and subsidies, the Act saddled English and Welsh farmers with government authority to pry into and direct every detail of their activities – all in the name of "good estate management and good husbandry." Its enactment was, of course, a long step toward the socialist dream of nationalized land and regimented farming; and, ultimately, the extension of the dangerous precedent to the control of every kind of business. It should have been repealed long ago.

By putting the English farmer in humiliating subjection to arbitrary controls from which there is no appeal to courts of British justice or to judge and jury, the Act created opportunities for corruption, favoritism, and tyranny. It has produced an unhealthy climate of fear and suspicion that is making docile peasants of the farmers and bullying cads of men in government. Year by year the farmers become more dependent upon the paternalistic State and less disposed to stand up for their

Mr. Bissantz is a retired architect, bound by reason of his Midwestern farm background to investigate and report the shocking consequences of the controlled agriculture he found during a recent visit in England.

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inherent rights as free men. The spirit of healthy independence, high ambitions, faith in oneself declines. Discouraged farmers leave the land and the number of small holdings and farm workers decreases.

Buried within the Act's 118 pages of complex provisions are inordinate powers to control, direct, disgrace, and evict the English farmer, putting him effectively under the thumb of the Minister of Agriculture and his executive agents. The Ministry of Agriculture, with 10,000 employees spending ten million pounds annually, is considered to be one of the most inefficient bureaus in Britain. A former Minister resigned after the disclosures of the scandalous Crichel Down land case.

Provisions of the Law

Stripped of much official verbiage, here are some of the appalling provisions which now are the law of the land in England:

1. The Act gives the Minister of Agriculture broad authority over all agricultural land, including any land "which in the opinion of the Minister ought to be brought into use for agriculture."

2. The Minister of Agriculture is given "the power of direction and dispossession" of farm owners and tenants. Farmers who fail to obey his orders are "liable on summary conviction" to imprisonment, a fine, or both.

3. The Minister of Agriculture is empowered to order "schemes for adjusting farm boundaries or amalgamating farms." In the name of "efficiency" he can add a small farm to a large one; or he can create a large farm by ordering the "amalgamation" of two or three smaller ones. He has the power to do this by "compulsory purchase orders"; and "the Minister may disregard any objection to the compulsory purchase order if he is satisfied that the objection is made on the ground that the purchase is unnecessary or inexpedient."

4. "The Minister may manage, farm, sell, let, or otherwise deal with or dispose of land acquired by him in such manner as appears to him expedient for the purpose for which the land was acquired; or if he is satisfied that the land ought to be devoted to some other purpose, in such manner as appears to him expedient therefor."

5. If the Minister of Agriculture believes that the farmer is not farming "in accordance with the rules of good husbandry" (whatever that means), he can "place the owner under the Minister's supervision so far as relates to the management of the land." In addition, the Act re-

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quires the humiliating "supervision order" to be made known locally by recording it.

6. Having issued a "supervision order," the Minister of Agriculture is empowered to give the farmer "such directions as the Minister is satisfied are required." He can "impose requirements, restrictions, or prohibitions as to the carrying out of work, and as to the purpose for which and the manner in which land is to be used for agricultural production"; and, if his agents disapprove of a tenant farmer, the Minister can "require that the management... shall be entrusted to a person appointed by the owner... and approved by the Minister." If he certifies that the management of the land while under "supervision" has not improved to his satisfaction, "the effect of such a certificate is to enable the Minister to purchase the land compulsorily." A farmer "put off his land" under this Act may sell or lease his property only to the Minister, or to a buyer or tenant "approved by the Minister."

7. Under a "supervision order," agents of the Minister have the power to "enter upon the land to which the order relates for the purpose of inspecting the way in which it is being farmed."

8. If a farmer fails to comply with a "direction," the Minister can have the work done "and the reasonable cost of carrying out work... shall be recoverable by the Minister from the person to whom the direction is given."

Farmer Has No Defense

Regardless of the intent of those who conceived such controls, the effect is to break the English farmers' will to manage their own affairs, and gradually to tighten a noose around them until one "planned" collective farming operation under a government *Werkbund* is achieved.

Against these absolute powers – which should never be given to any man – the small farmer has no defense. Under the dictatorial provisions of the Act, the farmer's only "rights" are the right "to make representations to the Minister," and the right to have his case "referred to the Agricultural Land Tribunal" comprised of three government appointees closely tied to the Ministry of Agriculture.

Few small farmers have the knowledge or enough capital to defend their farms properly against a bureaucratic runaround. Others are unwilling to endure the indignity of going before any smug "tribunal" humbly to beg for the right to occupy their own property. So, in its dealings with them, the Ministry of Agriculture is virtually invulnerable.

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In practice, the Minister of Agriculture delegates many of these extraordinary powers to 61 County Agricultural Executive Committees set up under the Act. But this only gives the arrangement a false semblance of "self-discipline of the farmers by their peers," for the members of these committees are not elected by the farmers concerned. All committeemen are appointed, and may be removed at will, by the Minister – and their chairmen are designated by him. In the words of Lord Justice Parker, the committees are "the alter ego of the Minister."

The arbitrary procedures followed by the committees are revealed by these official statements: "hearings are held in private"; "there is no swearing in of witnesses"; "there is no cross-examination"; "there is no power to award costs"; "the decisions or recommendations which the Executive Committees or their Sub-Committees reach are sometimes given without reasons and are not always in writing . . ."

How Power Is Used

The autocratic powers in the Act are real, and they are used. During wartime the Ministry, through its county committees, evicted more than 10,000 farmers; it took over 6,684 farms; it held not less than 354,609 acres of land. Today the Ministry still holds about 230,000 acres in England and Wales. Since the war, over 4,000 farmers have been placed under "supervision," and 376 have been evicted!

There is no way of knowing how many others have been threatened, intimidated, or otherwise pushed around by arrogant agents, nor how much the Act has been used to accomplish ends other than the pretext of "good husbandry." Of this Lord Linlithgow observed: "One of the most informative criticisms I have heard is this. Before a man is dispossessed, he must be guilty of two things. First, he must be guilty of bad farming, and secondly, he must be guilty of a lack of friends in the district." It takes little imagination to see the countless ways in which the absolute power of the County Agricultural Committees may be used for favoritism, spite, or personal gain.

Having no hope of aid, the victims simply fade away in a shroud of official silence. Sympathetic neighbors who would like to help them are afraid to express their indignation, for fear of attracting the ill will of a powerful Committee, which could retaliate with ruinous "supervision" of their own farms. A number of the unfortunate farmers, broken by "supervision" and ejection from

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their homes, have committed suicide; others were thrown into prison for daring to refuse "direction"; farmer George Walden of Hichen Stoke, Hampshire, was gassed and shot to death by the police when he resisted eviction.

Lady Garbett's Case

Quite different from the usual quiet eviction was the much-publicized ejection, in June 1956, of Lady Marjorie Garbett and her daughter from their 157-acre farm at Horeham, Sussex – where they had lived since buying the place in 1949. Here the prominence of the victim – she had returned to spend the rest of her life in her beloved England after long years abroad, where her husband served his country as Financial Commissioner in the Punjab – brought forth a storm of protest that will not die down.

"The whole right of the ownership of private property is involved in the principle raised by Lady Garbett's case," stormed the *Daily Telegraph*. "Conservatives and those who are liberal-minded should be prepared to defend the principle."

"This Intolerable Injustice!" was the heading of a blast by the *Southern Farmer*, which criticized the Ministry of Agriculture for "their sadistic unwisdom . . . to make use of the disgusting weapon which should never have been placed at their disposal."

"Representatives of *Southern Farmer*," wrote the editor, "visited the farm on the day before it was taken over and found, all things considered, a standard of husbandry which would be regarded as fair to moderate in most parts of the country. All the livestock were in excellent condition . . . We found that the cultivations had been carried out in a satisfactory manner."

When questioned about the Garbett eviction before the House of Commons, the Minister of Agriculture pleaded in his defense that "the land was foul; and the farm was understocked." Are independent farmers, who are the best judges of when their herds should be built up or sold off, to live under the constant threat of ejection from their property whenever some government "expert" decrees that their farms are understocked? Apparently so, for on January 30, 1957, a Queen's Bench Divisional Court upheld the eviction of "this lady [who] has been given more rope than a good many other farmers."

An Entrenched Bureaucracy

An objective investigation of the farm situation seems to be virtually impossible in England where the status quo is so strongly

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guarded by existing law and custom. The set-up of such investigations as have been made from time to time always made certain that nothing more than superficial suggestions for patching up existing government procedures might be offered. Furthermore, acceptance of any recommendations is left to the discretion of the Minister of Agriculture: proposals for reforms which do not suit the Ministry simply are ignored. Any chance that "the power of direction and dispossession" of farmers by the Minister of Agriculture might be called into question is ruled out in advance by directives given to the investigating committees.

One might imagine some wild-eyed Marxian to be the Big Brother who wields the whip of dispossession over the farmers of England. On the contrary, the present Minister of Agriculture is Mr. D. Heathcote Amory, a product of Eton and Oxford, and formerly a Conservative M. P. Evidently he shares the common belief that it is somehow better for the "right" people to take responsible positions and administer the socialists' program for them, than to let the socialists do it themselves. Thus English Conservatives frequently lend their prestige to bureaucratic controls of which they really disapprove, thereby helping establish them almost beyond hope of revocation.

England has an enormous job to do in agriculture. It needs to scrap its tyrannous Agriculture Act; it needs to clean out a miserable swarm of socialist-minded people who run government bureaus with Conservative fronts for their collectivist schemes; it needs to get rid of costly committees and ubiquitous "experts" now plaguing the independent farmers; it needs to revive faith in the power of persuasion, not compulsion; it needs to restore the rights and property of those who have suffered dispossession under the Agriculture Act; it needs to realize that free farmers and the free operation of the law of demand and supply can regulate its agricultural production better and cheaper than "the man from Whitehall"; and it needs to understand that there can be no refuge of freedom for any of its people if the property rights of individuals are not respected.

Above all, England needs to revive the ability to see clear and present danger in small encroachments upon individual freedom. "Liberty is never safe except where the average man feels resentment toward every oppressive act of government, whether it affects him or not."

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Breaths of Freedom

IN A WORLD CHOKED BY COERCIVE INFLUENCES

☆ *National Federation of Independent Farm Organizations*

Organized in the Midwest last fall, NFIFO is composed of farmers who simply want the federal government to let them alone. The membership pledge reads in part:

> . . . believing that all government subsidies and controls on agriculture or any other business are unconstitutional and socialistic, hence, un-American,
>
> I do hereby promise not to apply for nor accept any kind of subsidies or direction from the government in my farm program and will . . . make every effort to prevent Agricultural Stabilization Committee representatives from entering my property for any purpose.

Mr. John G. Woods, Rural Route No. 1, Lucas, Ohio, is the president of this group organized in protest of the fact that last year 14,000 farmers were fined $8,500,000 for refusing to let the federal government dictate and subsidize their farming operations.

☆ *Business Brings Unity in Europe*

A British visitor, driving through several European countries last summer, reports a growing homogeneity – evidence of a single economy – that reminded him of driving across the United States. He found a uniformity of traffic signs for the convenience of travelers. The same brands of gasoline, with attendants in uniform, were seen as "big business' inevitable contribution to making the continent one."

"While the Council of Europe meets in Strasbourg and the High Authority pursues its laborious task in Luxembourg and statesmen come together to discuss Euratom and the Common Market, the integration of Europe is proceeding apace, naturally, inevitably." And he

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concludes that "one day the politicians will wake up and discover that their job has been done for them."

☆ *A Courageous Step*

"BE IT RESOLVED," the Directors of the Madison County (Ohio) Unit of The American Guard unanimously concluded, "that Anderson's civic and governmental leaders be encouraged to formulate and execute plans for financing an adequate municipal airport with local funds and reject the proffered federal grant."

The list of conditions leading up to this resolution fully recognized Anderson's need for adequate aviation facilities and the temptation of a federal grant of $162,500 to cover half the cost of the proposed project, but added:

> WHEREAS a study of the federal grants-in-aid program reveals that many communities could have built adequate aviation facilities for less than their half-shares of the federal-aid projects, and
>
> WHEREAS the federal government is obliged to collect money by various forms of taxation before it can grant money to a community or state, and
>
> WHEREAS the federal government's indebtedness currently approaches the $280 billion mark, and
>
> WHEREAS the federal government cannot be expected to ease its burdensome taxation of the American people if communities and states continue to make demands upon the federal treasury, and
>
> WHEREAS the continued reliance of states and communities upon the federal government for assistance in financing various projects will hasten the centralization of absolute governmental power in the nation's capital, and
>
> WHEREAS the perpetuation of the federal government's grants-in-aid programs can work only to the detriment of the United States as a whole, and
>
> WHEREAS the cost of a municipal airport to the people of Anderson will be inconsequential when compared with the economic and moral benefits which will be realized by all residents of the community. . . .

A group so enlightened as to see the need for this first courageous step away from government control – the rejection of federal aid – should find it comparatively easy to take the remaining steps. A privately owned and operated airport, like any other business venture, requires no coercion at all.

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☆ *A Man of Convictions*

John H. Cooke, candidate for re-election to the Senate of New York State from the 57th District, campaigned last fall in these words:

> I believe in the principles on which this country is based — free enterprise, individual decision, individual effort, rather than reliance on government. I am firmly opposed to the welfare state.
>
> I am a politician and I would like your votes. But I have these convictions and I am sticking by them. I am not going to change in order to be re-elected. If you don't believe in my convictions, don't vote for me.

Senator Cooke was returned to office by an overwhelming majority.

☆ *Against Textbook "Nationalization" in India*

India, too, has problems of textbook control – plus the voice of editor and journalist, K. R. Malkani, to speak in protest. In a recent issue of *Swatantra,* published in Madras, he says:

> We have been so long subjected to servitude that we hardly feel it when encroachments are made on our liberties. Any person from a democratic country will be appalled by some of the things happening in this country. But all the time we are so inured to subordination that we see no abrogation of our liberties. The British quit on August 15, 1947. The country became free. But the citizenry did not get any more freedom than it enjoyed before. The new government assumed more powers than the British government itself.

Several provinces in India already have adopted "nationalized" textbooks prepared by "government servants who will write to order." The alleged excuse has been "the incompetence of textbook writers and publishers, the poor quality of books produced, and underhand means to influence textbook selection agencies." But Mr. Malkani charges that these vices are due to government interference, and sees no merit in further control. Then he adds:

> Textbooks are the most influential literature in our country. Can we afford to consign this great instrument for molding the popular mind to the hands of politicians who will exploit it for party purposes?
>
> Textbooks must be written by free men ... and they must be selected freely in open competition. No attempt should be made to condition the national mind or to propagandize in favor of the party in power. The stakes involved are the minds of children, and the only ultimate safeguard of integrity is the widest freedom of choice for the school, the teacher, and the parent.

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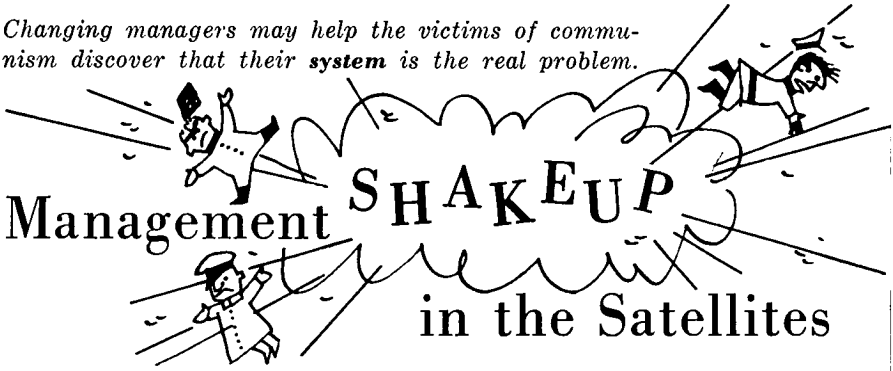
Changing managers may help the victims of communism discover that their ***system*** *is the real problem.*



Management SHAKEUP in the Satellites

IT IS FAR from clear that the American press and even the American State Department have correctly interpreted the upheavals among the Russian satellite nations, Poland, Hungary, and East Germany, or the seething inside Russia itself.

For instance, too many spokesmen and writers seem to imagine that a stepped-up program for American economic aid will soon bring about the final defeat of the communists. We doubt that; it could be more probable that such aid actually may prolong the life of the communist experiment.

This is precisely what has already happened in the case of Tito and Yugoslavia. We supplied aid in substantial amount when it first appeared that Tito had turned anticommunist. That aid has made Tito appear "good" within Yugoslavia for some years; without it he hardly would have been able to stay in power. Nonetheless, Tito continued to operate a communistic economy whatever his apparent attitude toward the former Russian managers of Yugoslavia and toward the Russian government in Moscow. The hold of communism upon that country never weakened one iota; the thing which did weaken was Russian management of state socialism and state capitalism, to be replaced by local management headed by Tito.

In this instance, our press and our government officials initially jumped to the same conclusion as they appear to have done currently in the case of Poland and Hungary and East Germany. They supplied economic aid with the result that Tito was made to look highly effective to his people and a veritable champion of anticom-

Condensed from a booklet editorial of the Wonalancet Company, Nashua, New Hampshire, November 1956.

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munists. As it now turns out, he was nothing of the sort. He was and he still is a socialistic dictator along strictly communist lines, regardless of any nationalistic freedom of action he may have achieved *vis-à-vis* Russia.

American Aid Conceals Failure

Now here we go again if the American pseudoliberals have their way. Economic aid is their watchword, their cure-all for the communist cancer, and their one way to restoration of economic freedom and private enterprise. We think they are lacking in discernment; they fail to grasp the fact that it is satellite loss of confidence in Russian economic management, not loss of confidence in state socialism, which has occurred abroad.

In brief, the Russians who have been in charge of economic affairs in the satellite countries have made a mess of things. And the struggle now going on is simply the result of an attempt to replace the Russian managers with local planners who think they can run a socialistic state better. The more economic aid we supply, the more it can be made to look as if they are right, that a communistic state capitalism is a good system providing you know how to operate it. "The Russians don't; we do."

For us, a good five-year plan would be to let them try it for that long without any American economic and military aid whatsoever. That ought to settle the matter of which system is best for them, state socialism or private, competitive enterprise. If they succeed, they will not need our economic aid; if they fail, then the reason will be clear everywhere, here included.

The Management Problem

Of course, some will say, as they have declared for years, that communism — state capitalism — needs only such a chance to demonstrate its superiority over private, competitive capitalism; and that a real success would mean communism all over the world with the downfall of the American system.

These people can have precious little understanding of what makes the American economy "tick" and even less understanding of the problems that face the economic planners and "managing bureaucrats" of a communistic system, Russian or Polish or Hungarian or other. These problems are extremely simple ones, extremely real and extremely urgent. And for a state capitalism, there is no ducking them.

What must a state-management do to take care of an additional twenty-five to thirty million more

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bodies to feed, clothe, and house every ten years?

This is an inescapable problem of the Russian managers of a communistic economy. The population of Russia and its Eastern European satellites is growing at a rate of 1.5 per cent to 2 per cent a year, compounded, and the managers cannot stop it.

So, immediately and continuously the management is confronted with the imperative necessity to lift food production and distribution, clothing production, housing construction, and all the rest by at least the same yearly rate. Otherwise, the already low per capita average level of living will decline. There is plenty of evidence, direct and circumstantial, to disclose that the Russian managers have not been able to do enough to keep up with population growth. An ironically humorous story, said to be common in Eastern Europe, runs somewhat as follows:

"Well, Comrade, what do you think of the appointment of Comrade Bungleovitch as commissar of war?"

"I think that we are sure to have peace; there will be no war."

"How do you figure that?"

"Because last year, Comrade Bungleovitch was commissar of food and we had no food."

Even the Russians admit that they have notably failed to meet the problem of food production and distribution. What our own planners seem never to realize is that this problem, because of rapid population growth, becomes ever more serious and will one day result in a political revolt against Russian economic management of satellite countries.

People Expect Progress

Nor is that all by any means. What makes so many Americans imagine that Russians and satellite peoples will be satisfied with just a static level of living? It is more realistic to expect Russians, Poles, Hungarians, and other peoples to want to have ever more of the good things of life, beginning with a Sunday suit and a second shirt and going on up from there. Iron Curtain or not, the peoples of Eastern Europe are perfectly aware that in the Western World there is more to life than black bread, and they want more.

What with radio and moving pictures, the stories of travelers, and the seeping inside of information in all the ways that humans know how to spread news, people behind the Iron Curtain know the score.

So the state capitalism managers have to cope with increasing population, and just as serious or more so to them, the increasing

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desire of people to have more per capita. Some authorities on the subject say that governments are invariably unstable and threatened with loss of power if the per capita level of living cannot rise an average minimum of 5 to 10 per cent every decade. To us, accustomed to a decennial increase of 25 per cent to 30 per cent, that minimum seems impossibly low. But, nonetheless, it is high enough to create a chronic headache for the economic managers of state capitalism when magnified by the 12 to 15 per cent decennial rise in population itself.

With more people to feed, house, and clothe, and those people wanting more every year, the required yearly increase in production cannot be much less than 2.5 per cent, compounded. In short, the fate of the communistic system probably hangs on its ability to at least double its output of consumer goods once every generation. It is that "or else" for the management. The "else" is revolt against the managers along nationalistic lines as in Poland, Hungary, and East Germany.

The failures of the system will be charged, certainly at first, not to the system but to the commissars managing the system. Eventually, if we let them alone, the truth will come to the surface; the system itself will be discredited. Economic aid to socialistic governments will simply postpone that disclosure. And, meanwhile, it wins us no friends as we have already seen.

The Top-Heavy Overhead

As every business manager knows, the first requirement of a going business is to replace its worn-out equipment, or that lost by fire, flood, and through obsolescence. That can scarcely run much less than 5 per cent yearly regardless of whether the facilities are located in the United States or in Russia. Depreciation and its counterpart, replacement, is an inherent overhead of any industrial system, private or state owned.

The replacement of facilities is a net deduction from production available for current use, in Russia and its satellites just as it is here.

An expanding business, whether a single plant or an entire national economy, needs even more than replacement of capital. It needs new capital facilities at a rate not less than the product of a) the population growth rate and b) the rate of per capita increase in the level of living. And that also will be true of the Russian-controlled economies of Eastern Europe just as it is everywhere else.

The expansion of capital facili-

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ties in any country is likewise a net deduction from production available for current use of consumers in that country.

Between replacement and expansion needs, the Russian managers of a communistic system will have to plow back scarcely less than 10 per cent, and probably more, of every year's total output. Otherwise, they have no chance whatsoever of eventually raising production to keep pace with the growth of population and demanded living standards always confronting them. In short, the communistic system must show a profit and a net profit, or it will become bankrupt economically and ideologically in the end.

The communistic system of state capitalism must show a profit or it will die, whether the managers in the satellites are Russian or Polish or Hungarian communists. Why help communists show a profit?

The top-heavy part of the overhead in a communist economy must eventually crush it, gradually but surely, and the continuous change of managers and leaders reveals that this process has well started. We should do nothing to prevent it from accelerating. The top-heavy part of the overhead is, of course, the horde of bureaucrats in the cumbersome Russian planning system. The Czars had it before the communists and the latter have never been able to rid themselves of it. It is inherent in statism.

The Cost of Policing

Along with the cumbersome bureaucracy of a highly centralized economy is the unavoidable police and prison system essential to enforce regulation and discipline dissenters. And to back up all of that, there is the added overhead of a huge standing army with all of its equipment, which neither can be enjoyed directly by consumers nor used to produce anything which they can enjoy. That equipment, like productive equipment, depreciates, is destroyed, or becomes obsolescent, and must be replaced and modernized.

According to experienced and firsthand observers, the communistic system requires an overhead personnel of one bureaucrat for every four producers. This means that overhead absorbs something like 25 per cent of the gross national product, not counting the probable 12 to 15 per cent required for replacement and expansion of productive facilities.

Taken as a total, these deductions range somewhere between 35 and 40 per cent of the total output of the communist countries. Or, to put it another way, the people

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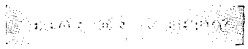
have left for immediate consumption only about 60 to 65 per cent of their yearly output. Small wonder that the satellites are protesting to the point of revolt against the managers. Let them alone and they will in time get around to revolt against a system that no amount of managerial ability and compulsion can make efficient.

Proposed Economic Aid

It seems to us that the events of these times merely represent a revolt of satellite nations, and likewise the Russians themselves, against the managers of the system, not against the system itself.

The collectivists are still in charge; they simply are different and are local fellows instead of the discredited Russian managers. But as long as they cleave to the system, they are collectivists. To supply economic aid of the conventional kind is simply to help these socialists make good where their Russian counterparts failed and thereby make the communist system look as if it could succeed, as in the case of Tito and Yugoslavia. What's the point of that?



Preserve Our Freedom

CERTAINLY we have an interest and a stake in the well-being of the rest of the world. But America will perform its role in world affairs better if, instead of being a Santa Claus to all nations, it first of all protects the rights and liberties of its own citizens, conserves its own economy and its own strength, and encourages other nations to stand on their own feet.

In all the world, we are the last hope and last stronghold of individual liberty. When the great problem of world peace is examined from all sides, the necessity for preserving America's identity, integrity, and strength becomes more and more apparent. And one is impelled to the conclusion that a strong, independent, and free America is not only best for its own citizens but is also the best guarantee of world peace and world order.

FRANK E. HOLMAN, *Dangers of Treaty Law*

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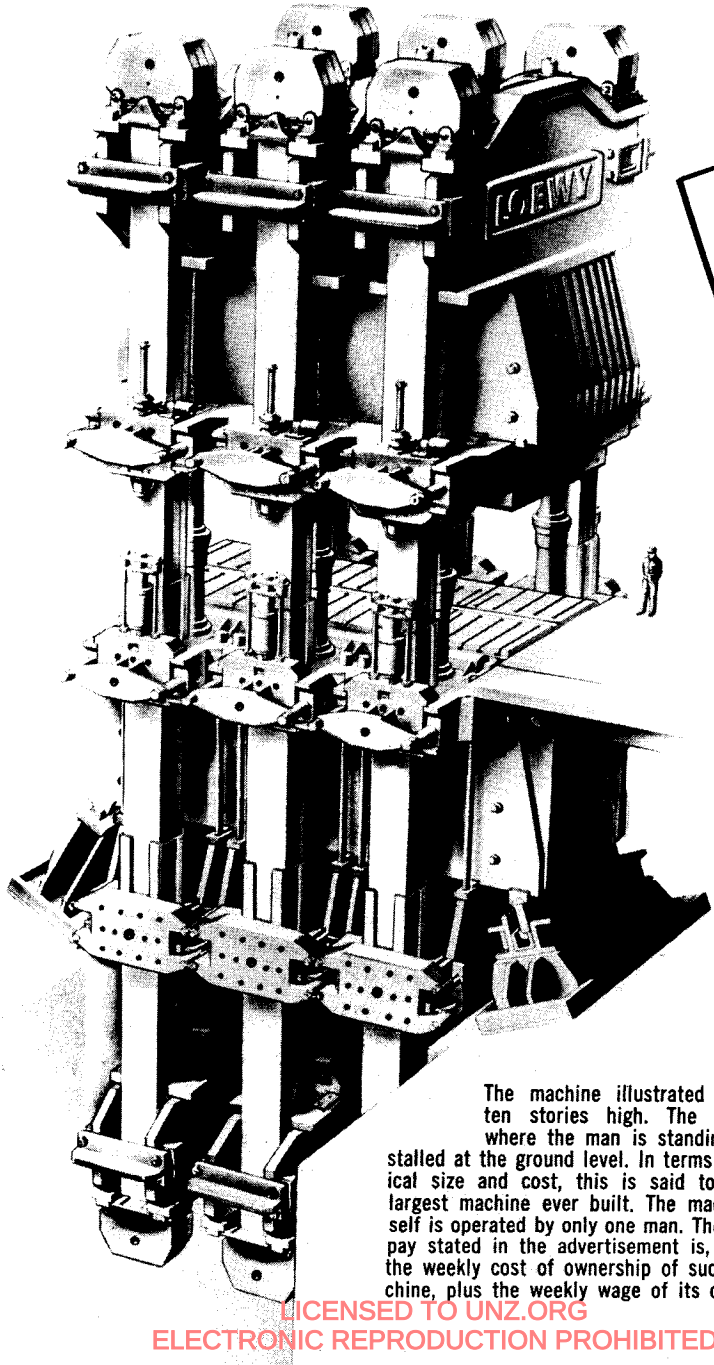

WANTED — E:
Must bring
Can pay u

The machine illustrated here is ten stories high. The platform where the man is standing is installed at the ground level. In terms of physical size and cost, this is said to be the largest machine ever built. The machine itself is operated by only one man. The weekly pay stated in the advertisement is, roughly, the weekly cost of ownership of such a machine, plus the weekly wage of its operator.

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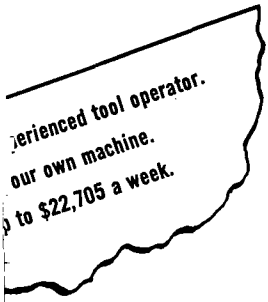

HELP WANTED

F. A. HARPER

IMAGINE reading an advertisement like this in the evening paper, and you with a role in this hypothetical drama.

"Belinda," you say to Mrs. You, "listen to this!" And then you read her the ad.

You await the morrow impatiently, when you can apply for this wonderful opportunity. You sleep fitfully amid dreams of avarice.

In the morning you are quite ready to take the day off from your old – almost obsolete – job. A 'phone call; an appointment; a wait in line for the interview.

Why, you wonder, do all these people leaving their interviews seem so dejected? Finally it is your turn.

"Good morning, Sir," you begin. "I come to –"

"Let's not waste words on the weather," he interrupts. "How many years have you been working?"

"Twenty-seven."

"Have a job now?"

"Yes."

"A good one?"

"Yes, pretty good. But I guess I'll change now."

"Do you own a machine?" he asks.

"Well, I have a 1936 Ford. And a –"

"Do you have the machine required for this job?" he asks sharply.

"Which is what?"

"A press machine."

"No. But I guess I could pick one up on my way home. I go right by Sears –"

"In case you don't know, this machine weighs 10,605 tons. And furthermore, you would be lucky to be able to get one within a year after you placed your order. Also, can you operate one? Have you ever even *seen* one? And finally, the machine costs several million dollars. You don't appear able to buy hardly a wheelbarrow. Next applicant."

Belinda beholds her beaten beloved coming dejectedly up the path.

"I almost got the job," you explain. "All I lacked was a machine

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Dr. Harper is a member of the staff of the Foundation for Economic Education.

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costing several million dollars and knowledge of how to operate it. But if I only owned one, I'll bet I could learn how to operate it in a few days."

"But why couldn't the boss provide the machine and just let you operate it?" she asks.

"Because," you explain, "our nation is completely socialized, you know."

This explanation is clear enough to you, but not to Belinda.

"So what?" she objects. "From the cradle to the grave we have been taught that socialism means opportunity for the common man. And you surely qualify for that. You are about as common as anyone could ask for. So I still say, so what?"

"The so what, my dear, is that socialism will not tolerate a profit. Our socialism decrees that all the product has to go to the man who operates the machine. For anyone else to benefit out of the proceeds is theft – a social and economic sin of the first order. Suppose the boss had saved over the years and provided such a tool for people like me to use. By now the machine would probably be all worn out, and he would have been prohibited from getting back what he had saved and put into the machine in the first place, to replace it with a new one. So what has he done over the years? He has saved only for the tools he wants to use himself. That is the only way he can get his savings back – by selling the combined product of his own tools and his own work. Everybody in our nation, you will notice, is doing the same thing. If we want any tools to help us in our work, we have to provide them for ourselves. That's why he had no machine for me to operate, and advertised: *Bring your own machine.*"*

"The selfish old tightwad," Belinda accuses. "Has he no spirit of charity? Isn't he willing to help us poor souls in need? Why doesn't he save tools for someone else to use? Where is his spirit of brotherly love?"

"I wondered, too," you confess. "So I quizzed around a bit before I charged him with having a heart of stone. I found that he is, in fact, a highly charitable man to those he believes most deserving. Since he can't help many persons, he helps those who have first

*The brand of socialism referred to here is that where the government has control of the means of production, but allows any individual to acquire whatever tools he can from his own savings. He can use these tools himself and have the product, but he cannot collect any profit from letting others use them. There is also a 100 per cent inheritance tax.

The government cannot provide any tools from its own means, because it is without independent means. What the government has to spend must first be taken away from those who work.

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helped themselves. If a man has done his part and sacrificed the joys of today in order to save and invest in tools for tomorrow's work, and if such a person then finds himself in sudden need because of something clearly beyond reasonable foresight, that is the sort of person he helps."

"I guess we don't qualify," Belinda bemoans. "We've rather overinvested in fun all our lives. And our savings show it."

"We've always lived as father did," you confess. "He always said there's no use saving tools for one's children because the inheritance tax will take it all. Our socialist idea, you know, is that everyone must start equally – at zero. Poverty for everyone is better than envy for some. So father just lived his up, as we have been doing."

* * * *

Even in a prosperous United States, how many people have you known who could afford a machine of this sort, in order to be able to apply for a job like the one advertised?

How many persons do you know who could take a job requiring that they bring even half the value of this tool? Or $100,000? Or $25,000? In many industries today the average tools per worker for an entire industry cost $15,000, or more.

It takes years of strict thrift for anyone to accumulate such amounts of savings. It would take even longer if you had to start at the bottom of the ladder with hardly any tools, climbing round by round only as you could save from your meager production. Under this socialistic program, you would be an old man before you had many tools to work with – unless you were to steal them.

Strange, isn't it, that so many people accept without question or doubt the socialists' claim that their scheme gives equal opportunity to all; that it gives opportunity to the young and the infirm, in contrast to the neglect and cruelties of free enterprise?

The facts, as illustrated here, are just the reverse. The young and the infirm are just the persons who would find the going toughest under pure socialism.

Under free enterprise, the young man doesn't have to bring his own tools. He can team up with others who have saved and invested in tools, but who either cannot or do not want to operate these tools themselves. A fair trade is then arranged between owners and users. Both benefit. The young man benefits especially because it enables him to find a good job at once.

With the tools he now has available for use, the average worker

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in the United States can produce in one year what it would take him twenty years to produce without the aid of these tools – almost half a working generation.

Tools are costly, to be sure. They come from prior sacrifice in the form of savings. But if the average worker would set aside all of the added productivity which tools now make possible and put it into a capital fund for a period of *three years*, this fund would more than equal the full amount invested in all our present stock of tools. The full productive return amounts to something like 40 per cent yearly on the investment, as compared with what could be produced without the tools to aid his efforts. A handsome return, indeed!

Or put it this way: A fund of $1,000, invested wisely in tools like those now in use, seems to have increased the output of the user of those tools by as much as $350 to $400, yearly. Under our private capitalism, however, persons other than the users have saved and invested, by and large, in these tools. Others have made the tools possible. They have been willing to do this for a return of, say, $70.00 a year on this $1,000 investment. If we subtract this $70.00 from the total increase in output, it leaves a net gain of $300 – plus or minus – for the users of the tools. They get this even though they have saved nothing, have risked nothing in the investment, and work no harder than before.

When a bargain like this under private capitalism is available to the tool user, how foolish for him to refuse to operate the tools unless he gets, in addition, some of the $70.00 required to induce savers to save. For when the tool user thus forces the tools to stand idle, he is throwing an economic boomerang which returns to harm him in two ways:

1. The goods not produced while he refuses to use the tools will not be available for him to enjoy.
2. Saving will be discouraged, from which more and more tools could have been created and from which he would also gain the major part of later benefits. He is killing the goose that would lay more and more golden eggs – mostly for him.

The capitalistic method offers a grand opportunity to this young man and others who can't provide their own tools. Under the seeming miracle of capitalism, savers and inventors and tool users all team up for an extremely fruitful joint endeavor. All benefit from the rewards of progress.

Under socialism, by contrast,

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this young man could not even hope for such a job until late in life – and probably not then. Actually, under socialism no such jobs ever become available to anyone because parasitism kills off progress. It saps the seeds of progress and prohibits advancement to an economy wherein such machines would be available for use.

Under free enterprise, where others have saved to provide the capital, an advertisement might read:

WANTED: Experienced tool operator. Bring your talents. We provide the tools.

THE WELFARE STATE AND HONESTY

TRYGVE J. B. HOFF

In the Norwegian weekly, FARMAND, *Editor Hoff commends to his countrymen a kind of self-examination that might well be practiced by all of us.*

BEFORE the war honesty was taken as a matter of course in Norway, and locking of doors was deemed quite unnecessary.

Things seem to have changed. Some time ago a foreign businessman expressed his disappointment with Norwegian honesty. He is of Norwegian descent and has connections in Norway so he has a certain right to express himself.

To sound out public opinion we staged a small-scale Gallup poll of our own. It was amazing how unanimous the replies were. Our question was simply: "Have you the impression that Norwegians are honest?" The answer, given unhesitatingly, was: "No, not since the war."

We would stress this point about a change having taken place. The war, of course, was an extenuating circumstance. In the Resistance it was necessary to cheat and lie and even worse; but not everyone was a member of the Resistance, so that is not a completely valid excuse.

Others point out that it was difficult to obtain food during the war, and that in consequence it was to be expected that people would steal bags and rucksacks on blacked-out

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trains when such luggage looked as though it were full of meat and butter from the country. That is an even poorer excuse: The urgency of the need is not usually accepted as a ground for acquittal.

In reality the causes are more deep-seated. One of them is the drift away from Christianity and loss of respect for the Ten Commandments. Standards have been lowered in both Christian and non-Christian homes. The young people of today do not know what they should fear and what they may or may not do. Modern methods of bringing up children also must bear their share of the blame.

And then there are the consequences of the Welfare State. Once it is accepted as a matter of course that everyone will share in the good things of life, irrespective of having done anything to deserve them, it is but a short step to the attitude that one is entitled to help himself to what he wants.

This view has been strengthened by the confiscatory taxation policy. When it is clear that the rich are the ones who are to be fleeced, there seems comparatively little wrong in helping the process on its way.

Behind this severe taxation lies the policy of "equalization." General acceptance of the principle of equal shares for all means a weakening of the moral basis on which to condemn people who indulge privately in this equalizing process.

When official "robbery" in the form of crippling taxes is legalized, private robbery appears a less serious offense.

The Price Directorate's unfair treatment of certain groups, such as traders and house-owners, coupled with its other ridiculous regulations, has done much to undermine the Norwegian people's respect for the law. When things reach such a pitch that even local authorities find themselves compelled to contravene the price regulations, there is no longer any serious stigma attached to being a lawbreaker. • • •

Man Overboard!

A MAN who argues a question of honesty with himself is not skating on thin ice — he is already overboard.

DAVID JAMES MC KENNA, *Random Thoughts*

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SATAN *in Politics*

HANS F. SENNHOLZ

THE CHRISTIAN law of neighborly love is an unbending rule of individual conduct, a rule without flexibility or loopholes for perverting interpretation. It is a basic maxim for all social cooperation and peaceful human coexistence. Indeed, it is an indispensable cornerstone of every civilization.

And yet we have been unwittingly and gradually chiseling away its shape and strength until it has become a small stump that no longer is capable of supporting social life and interhuman relations.

The law of love still underlies most of our direct man-to-man relations. In our family lives we practice, or at least endeavor to practice, this commandment. In our direct relations with our neighbor we inflict no harm, or at least endeavor to inflict no harm, on him and his family. A friendly neighborly relationship is still more frequent than a malicious one. In all our social contacts, be they in our economic associations or any other casual acquaintance, we basically respect our fellow man's rights and liberty.

But we are different men as soon as we take part in the body politic. Here there is no room for the law of neighborly love. Acting in political concert we act in a way no conscientious man would dream of acting in direct interhuman relations. We leave no room for God in our political lives.

Take the following examples:

As individuals we do not think of exacting, through violence or threat of violence, any part of our neighbor's wealth or income; but in our political lives we feel free to exact most of his income through heavy tax levies and control his wealth through a multiplicity of economic regulations.

As parents we do not think of coercing our neighbor to contribute funds to the education of our children; as members of the body politic we resort to taxation in order to coerce him to contribute to our children's education so that they may have "free public education" and we be "freed" from all or part of our own obligations.

We do not think of envying and

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pilfering our neighbor of his savings, his pension, and income from a life insurance policy; but as political beings we shatter their values through government policies of inflation and monetary depreciation.

We do not think of begrudging his widow and orphans their inheritance and do not coerce them to institute us as their coheirs; as members of the body politic we may force them to turn over half or more of their inheritance to us.

Two Different Yardsticks

As individuals we do not think of coercing our fellow men in other parts of the Union to help us in our local economic endeavors; as political beings we coerce them to assist us in our own selfish ends through federal aid and other government contributions.

If evil men were to encroach upon our neighbor and extort all or part of his property or income, or in any other way oppress him, we courageously may come to his assistance. If he should hurt or even kill one of his transgressors, we may acquit him from criminal guilt for having acted in self-defense.

If he should hurt or kill our own "duly authorized representative" who was empowered to exact a part of our neighbor's income or "control" his wealth for our own selfish ends, we would condemn him and our wrath and revenge would thrust him into penitentiaries or death chambers.

We measure our deeds and actions with two different yardsticks of morality. We are quick and severe in the condemnation of the misdeeds our neighbor commits. But we fail to judge at all or at least with the same severity our own actions through the body politic.

We condemn a neighbor for deceit, theft, robbery, and other crimes against his fellow men; but we fail to judge ourselves for confiscatory taxation, nationalization, and seizures of private industries by government, our political instrument.

Two Souls in Our Breasts

We condemn a man for his disregard of promises, contracts, and agreements and endeavor to hold him to his contractual obligations through court action and other legal means at our disposal. But we readily acquiesce in government policies that disregard promises, tear up official charters and international agreements. We may even sympathize with governments conducting such lawless policies and condemn those who are hurt and finally act in self-defense.

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Indeed there are two souls in our breasts, one that seeks and fears God, the other that denies the very presence of God. Man has paid and is still paying a tremendous price for his rejection of the Christian law of neighborly love in the ever-expanding sphere of political action. The price is paid in the shape of slavery, war, and disaster. • • •

From *Christian Economics*, Dec. 11, 1956

THE KEY WORD IS *Voluntary*

ALFRED P. HAAKE

Only when labor and management voluntarily seek what's best for both will enduring peace and prosperity come to industry.

THE MOST significant evidence of man's unreadiness for freedom and its responsibilities is his reliance on force to make his will prevail. That is the story that runs through all history. And to the extent that he indulges in the use of force to make his will prevail, man postpones further and further the day when he is truly ready and fit for freedom.

There is a counter consideration. For men to live together there must be law and order, discipline. There must be agreement on common purpose. In order to effect this agreement, men have found that a single will, strong enough to bend the rest to itself, is the easiest and quickest answer to their need for discipline. It is thus that the dictator has arisen in times of stress and disaster.

This has worked so long as the interest of the dictator has coincided with the interest of the people. But the time soon comes when the dictator devotes himself exclusively to doing what is necessary to retain his power, and mankind has always paid dearly for the temporary advantages of dictatorship in ultimate loss of freedom.

Men have improved the ways in which force has been used, wrapped velvet around the steel

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claws. From sheer physical force they have passed to threat, to cajoling, to economic and political persuasion. But it is still force. It is still "involuntary." That is the key to the meaning of force–the word "involuntary," in describing the response to force.

In human relations, in factory, office, and elsewhere, we have developed what comes to be known as the science of "human engineering," the use of devices of various kinds to control and utilize the activities of others. Training and rules to this end loom large in departments of personnel relations.

But there is another word which is the real key word to freedom and all the blessings that can come from freedom. It is the word "voluntary."

In factory and office our real objective is to secure the kind of cooperation, the kind of individual and team work that will result in the most economical and effective production, with the greatest development of the individual himself on his job.

The road to that result is to get men to *want* to do what they *ought* to do. It is voluntary.

Power from the outside, force, can actually make men fear and get them to do work, much work, even though it is involuntary. Power from the inside, the consequence of voluntary initiative, can do much more. The difference lies in the quality as well as quantity of work done, and in the effect on the individual doing it.

Whatever the reason, the truth is that man does his best work when he does it voluntarily, when he *wants* to do it. The boy who practices violin four hours a day under the whiplash of fear of his parents, will work his fingers and learn to play, but he is missing the most important ingredient that goes into the making of musical genius. The boy who plays out of love for music and out of a desire to reach people who also love it, will practice his four hours a day and meanwhile pour his heart as well as the strength of his fingers into his violin. And to him will come the reward we call "genius." He works voluntarily because he truly wants to achieve a high purpose.

And right there is the key to successful human relations – in industry, in the professions, in all fields of human endeavor. It is also the key to harmonious international relations.

Of course, understanding is necessary in order that men may know what it *is* that ought to be done. But understanding comes with time and discovery, patience, and love for our fellows. • • •

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Can government teach the self-reliance necessary to the release of creative human effort?

WE FORGET... What Makes America Great!

RICHARD L. FRUIN, M.D.

MOST of us consider ourselves so unique that comparison of America and Americans with other nations and people is quite impossible. When anyone attempts such comparison, we tend to feel that he must have questionable motives. We speak of the American way of life, American know-how, American sportsmanship, American ideals, American humor, and Americanism. A man from Mars coming to Earth and reading of Americans in our literature would undoubtedly feel that here must be a race apart, people ten feet tall physically, and of like proportions mentally; they must all be handsome, brave, good, efficient, practical, and possessed of all the virtues that are desirable while having none of the undesirable traits such as meanness, selfishness, uncharitableness, or slave-like submission to authority.

But are Americans really different from other peoples and nations?

Are we different biologically from other peoples? Genetically and biologically we are predominantly European in physical heritage. We have huge doses of English, German, Irish, Italian, Polish, and other European genes in our make-up. Ten per cent of us are of African heritage – and Africa is more of a hodgepodge of nations and people than is Europe. We have a dash of seasoning from Oriental genetic qualities – from the American Indian – from the Philippino and allied races. One could say that every biological fraction of the human race has a representation in America. The answer must be: We Americans are not unique from any biological or genetic standpoint.

Are we unique because of our religion or our freedom of conscience? This cannot be the case.

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Our religions come from our forefathers and are common to many nations. Several nations have religious freedom.

Are we different from a technological standpoint – the so-called American know-how? Technological knowledge rapidly becomes universal – like a cooking recipe. Everybody has access to it as it develops.

Is it our excellent farm land that puts us in a class by ourselves? No, various other countries also are relatively well-situated in this regard. The same holds true for natural resources.

Is it our large population? China, India, and Russia all have more people. Many lands are more densely populated.

Is it our industrial arts, freedom of speech, freedom of the press, our free elections, educational institutions, our customs and traditions, our military services, our Spartan way of life, or our willingness to work that renders us unique? These excellent characteristics, too, are common to many nations and in some we are distinctly inferior to other people.

Perhaps we may discover how or why we are unique by looking at ourselves from the standpoint of a foreigner. Foreigners are not really and vitally interested in our customs, traditions, cultures, religions, hopes, aspirations, philosophies, or anything of that sort. They are well-satisfied with their own, and they feel that we have nothing to offer them in these fields. They may say otherwise, but what they really want from us is *capital,* a part of our wealth, and they envy our *level of living.*

Tools for Better Living

Few Americans are fully aware of the fact that our country enjoys the highest level of living in the world and for all recorded ages. The way of life of the average American appears fabulous and out of reach to the immense majority of people inhabiting non-capitalistic countries. We take our level of living for granted. We enjoy amenities which were denied to even the most prosperous people of earlier generations and are still denied to most non-Americans.

Our level of living is directly based upon our accumulated wealth, our capital – an investment averaging about $15,000 per working man in the United States. This capital investment largely constitutes the difference between an American and a Chinese, or between an American and a Russian. A Chinese laborer works long and hard, and is conscientious, quick to learn, able to handle delicate, complicated machinery. What he lacks is tools,

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invested capital. There is only one way to raise a level of living, except by working longer and harder with what we have, and that is by more *capital accumulation, savings,* which result in more and better *tools,* to make all of us more productive. As our population grows, there will need to be approximately $15,000 invested for every one of the new workers able and willing to work to keep our level of living constant.

Capital Is Our Servant

Now, I know it has been said that the love of money is the root of all evil, but I would reply that money also is the root of much good. It builds or buys churches, hospitals, schools, the homes we live in, the cars we drive, the clothes on our back, the food that sustains us. Capital is our servant. Our capital accumulation enables us to implement our fond hopes and aspirations for our children and grandchildren. It is responsible for and nurtures technological advances. It is the veritable foundation of civilization as we know it.

Our capital, then, is the immediate thing which renders us unique of all the nations of the world. And the question that remains is why this vital accumulation occurred in this comparatively youthful nation.

Founded on Natural Law

Consider our national origin. Our Founding Fathers were steeped in Common Law. They believed that natural law was immutable and that human government was limited by the law of God. This was made crystal clear in our Declaration of Independence, our Bill of Rights, and in our Constitution. The constitutional system put together by our forefathers was devised to keep the governmental servant in its place and on the job, and its job was to "secure the rights" of man. They knew that the basic inherent right, the right from which all other "human rights" are derived was the God-given right to our property, that is, capital. The right to property is spelled out in the Fifth Amendment to the Constitution in which the right to life, liberty, and property occurs in the same phrase on an equal basis. In many state constitutions, it was written in these words: "Man cannot by any compact deprive or divest their posterity of the means of acquiring and possessing property." Put in slightly different words, our Founding Fathers' unique contribution was the establishment of a legal framework that protected more securely than any previous governmental system the private

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citizen's possessions against confiscation on the part of anyone under whatever guise.

This idea worked; there was in this country a greater release of human energy and a wider acceptance of personal responsibility than had ever been known before. These twin aspects of freedom — self-reliance and released energy — account for the American miracle. A man stood solidly upon his own two feet secure in the knowledge that what he made or had honestly acquired was his and his alone — to have and to hold — he could do what he wished with it, spend it, reinvest it, give it away, or pass it on to his descendants undiminished.

There wasn't much statism, government, in this arrangement. Government's business was to protect us from predators and marauders, both external and internal. Other than that, government let our ancestors be — on their own initiative and responsibility.

Absence of Obstacles

Again, our fathers under this system built a great nation, and more good came to more people than had ever been known before; so that now it appears to some that we can support the whole world. The world had never seen a stronger, sturdier, more independent and God-fearing people. This story has been and is the essence of American greatness.

Today, a nation is the more prosperous the less it has tried to put obstacles in the way of the spirit of free enterprise and private initiative. The people of the United States are more prosperous than the inhabitants of all other countries because our government embarked later than the governments in other parts of the world upon the policy of obstructing business.

Surrendering Our Principles

What about America today? Our Founding Fathers would have great difficulty in understanding why we have departed so far from early principles. We delude ourselves, in our complacency and laziness, that life has become so complex that we must surrender our God-given rights to someone who glibly says he knows better than we do what to do with our own property. In spite of the H-bomb, speed of 2,000 miles an hour, and the fact that over two billion humans inhabit this earth, it is questionable whether life today is more complex, uncertain, or difficult to understand than it has been in many periods in the past. We cannot so easily salve our conscience for surrendering our responsibilities.

Statism, in whatever guise it is

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offered, is the enemy; and it appears when a government leaves off protecting and begins taking one's income for others. How is this done in America? There are countless ways, and you know them as well as I. Government now spends one-third of the national income. Perhaps this is one measure of how we have lost control of our own property.

The Majority Can Be Wrong

True, the majority voted for it! But our forefathers didn't make any exception in the right to property; minorities had it, too. One man could stand alone against all others and against his own government in any attempt to deprive him of his property. Our Founding Fathers would have been aghast that 51 per cent of the people could vote for social welfare schemes and then proceed to divest property from themselves and the other 49 per cent. And then, to have the presumption to make this ruling apply to posterity forever would have been quite unthinkable to these men who laid our sturdy foundation.

A study shows that 75 per cent of Americans believe themselves opposed to socialism, statism, collectivism – that is, public ownership of the means of production by whatever name it is called. Yet the great majority of these same Americans favor governmental actions falling within their own definitions of socialism.

One question we have forgotten to ask ourselves as we turn more and more functions over to government: What would happen if my worst enemy had this power over me or in later decades over mine? In our own time, millions of Ukrainians, Germans, and others have paid with their lives for ignoring this question.

It is only as individuals that we can combat this tendency to the alleged all wise, all powerful, everywhere present *State* where there is BIG GOVERNMENT and little people. As individuals we can study our heritage, understand the proper function of government, and do that which lies within our own capacity to bring about a rebirth of freedom in America. We owe at least this to our children – that they be left no less free than we were. • • •

Governments and Men

GOVERNMENTS, like clocks, go from the motion men give them; and as governments are made and moved by men, so by them they are ruined, too.

WILLIAM PENN

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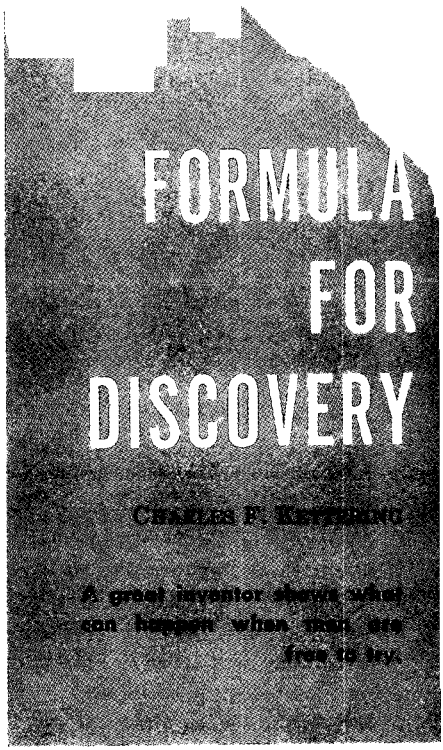

THE fundamental thing that we think we have developed in research is simply to run errands for an idea.

So our industry has grown up on the principle of letting the job be the boss, and I still think that is a good thing to do, because you can't expect material to do something just because you think it should.

We have had a lot of jobs like that. Take the extreme pressure lubricants. Lubricating oils are very old, and some time ago at Cornell University there was developed a lubricating testing machine based on a railroad journal. Many tests had been run, a lot of tables plotted out, and 6,000 pounds per square inch of projected area of the bearing was the highest that they could go with the best lubricating oils then available. We had built a small testing machine at our laboratories and our figures checked very well with this.

Now what more could you ask?

So I said, "Well, let's just try an experiment. Let's suppose that the lubricating oil testing machine is a dangerous weapon. It belongs to your worst enemy, and he can kill you and your family with it. But you can pick the lubricant for it. What would you recommend if you were picking the poorest thing in the world to lubricate it with? What would you specify?"

We all thought about it, and finally picked a material called monochlormethyl ether, which is practically the same as is used to put you to sleep when you are going to have a surgical operation. It is so thin it has no viscosity at all. You can pour it on your hand and blow on it and it is all gone. You couldn't pour it in a warm machine as a liquid. It would evaporate at once. So we took the cap off the ether can, soldered a tube on it, ran the tube over to the bearing machine, and sealed it into the oil hole. Then we put a warm towel around the can and the vapors went

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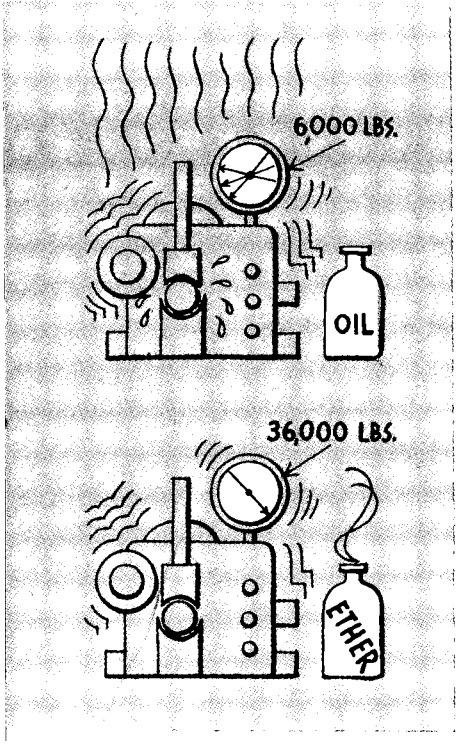

through the tube to the bearing. Since there was no liquid in the bearing, it must run absolutely dry.

We had made bets on how long it would last – how much pressure it would take. One man had nerve enough to guess 150 pounds. That was the highest. We started to load up the machine very gently and carefully, and to make a long story short, we ran out of weights at 30,000 pounds. Everybody was amazed; they said, "It can't be." But we tried it over and over again, and we got some more weights. I think it stuck up around 36,000 pounds – five or six times the load of the best oil.

We brought the oil engineers in and showed it to them. They said, "The only thing that makes us sore is that we didn't do it. This is our business, not yours."

"But," I said, "you couldn't have done it. You have graded oils for so long on their viscosity that you would have fired anybody who proposed using something like this that didn't have any viscosity feel to it."

Well, that was the beginning of the so-called extreme pressure lubrication which came just about the time we were developing the hypoid gears, and you couldn't have run hypoid gears if it hadn't been for these lubricants. There are many things that you couldn't do today if it weren't for these lubricants.

Now what did we do? All that had been done in lubricating oils before that was to test the affinity of one molecule of oil for another. This is called viscosity. When you put pressure on them, you found that you pushed them apart and you had no lubrication. But the oils with no viscosity at all formed a chemical bond more like the nap on plush, and this took much more pressure to break through than did the viscosity film. It completely changed the concept of what you could do with lubricating oils. • • •

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How are you doing – Paywi$e?

F. A. HARPER

EACH OF US is interested in the pay he receives for his work. Not only are we interested in what we get this week, but also how we are doing as the years go by.

Experience should add to one's worth at his work. If your pay is not increasing over the years, either your pay is not following the upward trend of your work or your work output is not increasing as it should. In either event, one should probably change jobs to where he can get the pay due him and find a new stimulus that will increase his output.

It seems a simple matter to tell how you are doing paywise over the years, doesn't it? Simply compare the dollars of pay year by year. But is it that simple?

Suppose your job has been one that has moved you from country to country, year by year. And suppose that your pay, in the currency of each country, has been as follows:

Year	*Country*	*Yearly pay*
1	U.S.A.	5,000 dollars
2	Mexico	50,000 pesos
3	England	2,000 pounds
4	Chile	2,500,000 pesos
5	Turkey	50,000 lira

How have you been doing, over the years?

And suppose that next year's post would be in France where you would be paid 2,000,000 francs. How good an offer is that compared with what you have been getting? Will you accept that offer or not?

Need for Common Denominator

These questions cannot be answered from the evidence given. Every man knows that. He can know nothing about how well he is doing until after he first converts these rates of pay in different currencies into some common denominator. He must first find, as best he can, some way to express them all in terms of com-

Dr. Harper is a member of the staff of the Foundation for Economic Education.

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parable things he wants that can be bought with each year's pay. If he shuns the task of making such a comparison because of the difficulties it entails, he will never be able to know how well he is doing as the years go by. Unless he does this, he will never find answers to such questions. And if he fails to answer them because a common denominator seems to him imperfect, he will continue to live in economic blindness, subjecting himself to serious mistakes as a consequence.

The Changing Dollar

All this is quite clear when the problem is one of pay comparisons in lira, dollars, and pounds sterling, which we are never tempted to try to compare directly. But when our pay over the years is all in dollars, we compare it directly and thereby suffer a serious illusion about how well we are doing.

Suppose you had worked at these rates of pay in the United States over a period of years:

Year	*Yearly pay in dollars*
1	5,000
2	5,200
3	5,400
4	5,600
5	5,800

Since all are expressed in dollars, it seems valid to compare them directly. It appears clear that you have had a steady increase in welfare over the years.

But have you? Actually, it may be that you can tell no more about it than if the amounts year by year had been in terms of different currencies, as in the previous illustration.

Suppose, for instance, that there had been a steady inflation of 5 per cent each year. In that event, your pay would have been declining steadily in "real" terms, after making the dollars comparable in buying power.

Although your pay has been in dollars each year, dollars change in value. They may be as different, one year from another, as the peso of Mexico is from the peso of Chile, or the franc from the dollar.

There is no easy way to tell how you are doing year by year under an unstable money system and changing tax rates. In fact, you can't tell anything about it until and unless you first make an adjustment for changes in the worth of your units of money remaining after taxes, with passing time.

Income after Taxes

The chart and tabulation show a comparison of 1956 pay dollars and 1940 pay dollars for a married person with two dependents. For other years and other tax dependencies the comparison would be different, of course.

To illustrate how the chart can

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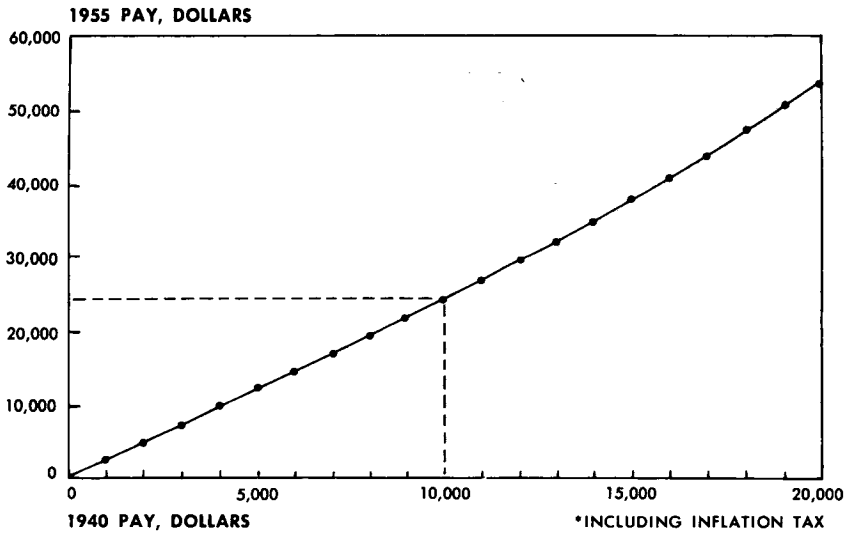
INCOME COMPARISONS EQUALIZED AFTER TAXES*



SOURCE: Basic information from issues of the *Statistical Abstract of the United States* and *National Income Supplements to the Survey of Current Business*, United States Department of Commerce. The tax burden on income at each income level was determined by adding the personal income tax at that level to the proportional share of expenditures of government not covered by the personal income tax. This amounts to assuming that, aside from personal income taxes, the process of bargaining for goods and services in our economy throws the other costs of government on all income levels in proportion to their incomes remaining after the personal income tax. Although any such assumption is unprovable, this one seems as reasonable as any other would be.

be used, assume that you are such a person and that in 1940 your income was $10,000 (base line). Your income in 1956 would have had to be about $24,000 if its buying power after taxes were to be as much as in 1940.

Or to state it another way, pay increases averaging about 6 per cent each year over the previous year would have been necessary, if you were merely to hold your economic position – *merely to hold your own* in the worth of your pay after taxes, over the sixteen-year period.

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The $14,000 additional required in 1956, in order to maintain your buying power, was needed to meet the increase in taxes – if inflation is considered as a form of tax, as seems proper.* What we commonly call taxes, both direct and indirect, absorbed some of the increase, but most of it was due to the inflation tax.

If you are interested in a 1956 comparison with other than a $10,000 income in 1940, it can be derived in like manner from this same chart. But if you want a comparison for some other years, or for other than a married person with two dependents, you will have to prepare another similar chart.

*See "The Hiddenest Tax." *The Freeman*. October 1954. p. 138.

Laborious? To be sure. But that is another price to be paid for inflation and increasing taxes, before we can know how well we are doing paywise. We can't eliminate the question by failing to answer it.

INCOME COMPARISONS
1956 AND 1940

Earned net income	*1940 after taxes*	*1956 after taxes, in 1940 buying power*
$ 600	$ 467	$ 241
1,000	778	401
2,000	1,556	802
3,000	2,335	1,155
5,000	4,001	1,797
8,000	6,034	2,747
10,000	7,440	3,373
25,000	16,676	7,514
100,000	44,398	19,290
500,000	132,576	39,129

They Planned It That Way!

WITH INDUSTRY AND SCIENCE pushing forward with new and better ideas, and with cheaper and faster production working toward a higher standard of living, our tax system is like a treadmill requiring ever greater effort to progress at all, and ultimately dragging us back.

The fact that America has continued to grow and prosper during the past 15 years is no proof that our tax system is not destructive. We have gone forward in spite of it but at the expense of a good share of the progress we could and should have made. For millions of people in America, many businessmen among them, this crisis in capital may be hard to understand. But for the advocates of the all-powerful State, the crisis is simply the logical conclusion of their schemes and their labors. They planned it that way.

ERNEST G. SWIGERT, President
The Hyster Company, Portland, Oregon

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CROWING FOR THE SUN TO RISE

JOHN C. SPARKS

EDITOR'S NOTE: *These friendly suggestions from a businessman in Canton, Ohio, were addressed to a student who was leaving for his native India upon completion of studies at the University of Michigan and a year in the chemical laboratory of Republic Steel Company. Mr. Sparks has permitted us to make it an open letter to all students of liberty — young and old, in our land and everywhere.*

WHAT will you think of our country, our people, our high level of living, our philosophy of freedom, and the like? What impressions, what thoughts will you carry back to India with you?

Knowing your sincerity and keen intellect, I am certain you want to do what you can to improve living conditions in India and aid in its development. Your success in this endeavor vitally depends on your ability to learn and convey to your countrymen the formula that has brought to America certain accomplishments you would like to see attained in India.

Have you discovered this magic formula, or will you return deceived by a false concoction?

It is likely that a temporary resident, as you have been during the past five years, would receive certain impressions and draw certain conclusions concerning the level of living in the United States. But various misleading factors could easily yield wrong conclusions as to how this high level of living was achieved.

The level of living in this country is at least twice as high as in the next most advanced country in the world, and it might be twenty or more times as high as in some countries, including parts of Asia. A visitor from abroad undoubtedly would be impressed with the number of automobiles, telephones, electric refrigerators, washers, radios, television sets, medical achievements, and the like, together with the realization that most of us consider these items as necessities rather than

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the luxuries they would appear to be in other countries. He would also see the large factories and costly machines required in production. From the standpoint of what he could see, his impressions might well be more accurate and better appreciated than these things are in the minds of people who have lived in this country their entire lives and have grown used to them. In other words, the testimony of the high level of living in this country would be clearly visible to the temporary resident. There is little chance of any false impression from this standpoint.

However, there are several reasons why he is likely to receive an incorrect impression as to how this high level of living came about.

Wrong Reasons

During recent years our leaders of government have been bent toward collectivist ideas. By collectivism, I mean those philosophies which are frequently identified as socialism, communism, fascism, the Welfare State, and other forms of planned society, each of which is totalitarian in principle, involving government control over the lives and actions of individual persons living under that government. Much propaganda has extolled the wonders of compulsory social security, compulsory unemployment insurance, public housing, rent control, price control, farm price support, and subsidies in various other forms – TVA, RFC, federal aid to education, federal aid to build hospitals, to name but a few. It would be easy for one to conclude that our high level of living is a result of these governmental measures which, according to the propaganda, protect the people and provide them with welfare and security. One is reminded of the rooster who noticed that every morning when he crowed, the sun arose in the east. Before long, he concluded that the sun arose because he crowed.

It is no reflection on the intelligence of the temporary resident if he draws such false conclusions inasmuch as a great number of our own citizens also appear to have accepted them. He would have the company, too, of people back through history from the great civilizations of the past, who witnessed the relatively high amount of individual freedom change to restriction, thus beginning the decline of their civilizations.

Progress Springs from Freedom

Republic Steel Company started from the ideas and hard work of individual men, each of whom was

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farsighted enough to risk his limited wealth in order to develop what he thought was a good idea. The success of this method of competition – rising or falling on one's own accomplishments or failures – brought about this great company that you have seen, Republic Steel. This feat has been repeated untold thousands of times by American enterprisers, many successfully and many unsuccessfully, but the latter with the opportunity to try again. The high productivity you have seen is the result of this formula of individual liberty. Freedom to act, with the government strictly limited to the protection of the life, liberty, and property of each person, has provided the atmosphere within which the American level of living could develop. The formula of individual liberty is not reserved exclusively to the mainland of North America but can be used with equal success anywhere in the world – even in India.

No Secret Formula

What has been achieved here can be duplicated elsewhere in the world – if the same formula is used. On the other hand, an attempt to "raise the sun by having the rooster crow in the morning" is bound to fail regardless of where it is tried.

One of the greatest dangers facing the United States is that this fallacy might prevail here, displacing the very principles which brought us success with schemes which have failed whenever and wherever they have been tried.

Our government leaders have encouraged "underprivileged" countries to look to the United States government for assistance through ECA, Point 4, and other aid programs, none of which can provide the magic formula. At best, they can only distribute a part of the goods we have obtained under the formula; and the goods without the formula will soon be consumed or lost.

What if the United States did not exist? What if there were nothing but ocean from the western shores of Europe to the eastern shores of China? Would India then have no hope?

You have within your reach the magic formula of individual liberty. Seek nothing and take nothing from your government save the protection of life, liberty, and property. If you can convey this formula to your countrymen, you will have given India the greatest possible gift – the seeds of freedom for everyone – out of which will grow progress and prosperity. • • •

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WELL WORTH READING

Students of Liberty, several thousand strong in colleges all over the country, request and receive libertarian literature in regular mailings from the Intercollegiate Society of Individualists. The ISI has also initiated its own scholarly pamphlet series of which three have so far appeared: *Education for What?* by C. W. Coulter and R. S. Rimanoczy, *The Sociological Perspective* by A. H. Hobbs, and *Religion and the Social Problem* by E. A. Opitz. Copies of these booklets may be had by writing the ISI, 407 Lafayette Building, Philadelphia 6, Pennsylvania, enclosing 20 cents for the first listing, a dime each for the other two.

"We Hold These Truths . . ." is an excellent statement of the basic principles of the original American experiment in government. Prepared for the Department of Defense, it is available for 10 cents from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

Science in Industry is only a facet of our total involvement in science, but it is by no means the least important. Part of this fascinating story is told in a handsomely illustrated booklet, *Science in Industry*, available on request from the Public Relations Department of E. I. DuPont DeNemours, Wilmington 98, Delaware. A companion booklet is also well worth having, *The Story of Business: Large and Small.*

The Social Gospel is a label applied to political Christianity. "The Gospel is always social," argues J. C. Ingebretsen in a recent *Human Events* paper, but not political; to politicalize it is to caricature it. For an excellent discussion of these issues, send 20 cents in coin to Human Events, 1835 K. Street, N. W., Washington 6, D.C., for "Road's End for the Social Gospel."

Tools Make the Man: prosperous, that is. $12,500 is the average value of the tools private enterprise puts at the disposal of the American working man. That is why he is so productive. The average working man is now twice as productive as was his like number a generation ago, and this fellow, in turn, was twice as productive as his father.

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The secret? There is no secret. Rapidly rising production is the result of putting more and better equipment into the hands of people who are just about as people always have been. All this is common economic understanding, but the facts are vividly brought home with words and charts in *Trends in Equipping the American Worker*, a recent publication of the Council for Technological Advancement, 1200 Eighteenth Street, N. W., Washington 6, D. C. Single copies on request.

That Tax! Several booklets are available to guide the citizen through the maze of his Income Tax form. But Prentice-Hall's *Employee's Income Tax Guidebook* (revised annually) is unique in that it incorporates the highlights of the Hoover Commission reports. Thus, at the very moment the taxpayer feels most keenly the burden of supporting excessive government, he is confronted by the reasons for this situation. Government is doing what government should not do; and in consequence its necessary functions are being done badly, wastefully, and inefficiently. This is a useful book for company reading racks. In quantities up to 100 the price is 25 cents each, from Prentice-Hall, Inc., Specialties Division, 70 Fifth Avenue, New York 11, N. Y.

The Customer Is King. The customer, contrary to the popular saying, may not always be right. He is, after all, only a fallible human being. But it is hardly possible to dispute the fact that, right or wrong, the customer is always boss. His tastes in consumption determine his buying habits. These in turn provide the answers to such vital questions as who will produce what and in what quantities, sizes, styles, colors, and so on. As a buyer, he sets the prices at which goods and services exchange. In the final analysis, it is the customer who directs the capitalist in the use of his capital, hires mental and muscular energy, and pays wages. A powerful fellow, the customer, but you can control him and so can I.

Each of us can control this giant in only one way—by understanding the power we wield as customers. A step toward better understanding is L. E. Judd's pamphlet, *What Makes Your Job at Goodyear*, available on request from the Public Relations Department, Goodyear Tire & Rubber Company, Akron 6, Ohio.

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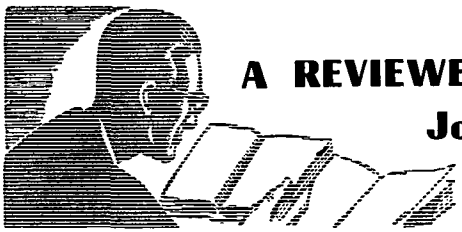

A REVIEWER'S NOTEBOOK

John Chamberlain

WE have had many voices crying that recent alterations in the American constitutional system foreshadow the growth of Caesarism and the end of individual liberty. From Isabel Paterson's *The God of the Machine* to John T. Flynn's *The Decline of the American Republic,* the warnings have been impressive. But one man caught the hint of impending dissolution as far back as 1923, in the flush heyday of Harding and Coolidge. He was Professor John W. Burgess, then retiring after a long career in constitutional law at Columbia University. The little book he wrote at the time, *Recent Changes in American Constitutional Theory,* now reissued by FEE (Irvington-on-Hudson, New York, $1.00), is almost startling in its prophetic quality.

To be sure, William Graham Sumner had had flashes of the same premonitory wisdom even before the turn of the century. In *The Conquest of the United States by Spain* Sumner shrewdly guessed that the rise of the imperialistic spirit in America would produce a carelessness about republican institutions that would have its effect on fundamental law. But Sumner died before the visible hacking at republican principles had really begun.

Spanish War a Turning Point

Like Sumner, Professor Burgess regarded the Spanish War as a watershed event. Up to 1898, as he says, the movement of American history "had been an almost unbroken march in the direction of a more and more perfect individual liberty and immunity against the powers of government, and a more and more complete and efficient organization and operation of the sovereignty back of both government and liberty, limiting the powers of government and defining and guaranteeing individual liberty." But from 1898 on, the retrogression came thick and fast.

As Burgess says, our constitutional law in 1898, both as set forth in the plain words of the founders and in the interpretations

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of the Supreme Court, contained a "broad realm" of individual immunity against government power of *all* kinds, whether federal, state, or local. People were secure both in their property and in the enjoyment of its income, including the income of those who, so to speak, rented tools from others. Nobody could be convicted of treason save by the testimony of at least two witnesses to an overt act. The truth was not considered as revealed in Judgment Day finality to any man, and since everybody was presumed to be a seeker and a collaborator in the endless quest for a refinement of valid principle, the right to speech, even wrong speech, was considered immutable.

Furthermore, there were no "ifs" and "buts" about constitutional principle. The Constitution allowed habeas corpus to be suspended legally "when in cases of rebellion or invasion the public safety may require it," but this was taken to mean (see the case of *Ex Parte Milligan*, 1866) that habeas corpus was any man's right save in extreme instances when the civil courts had actually been closed during a foreign invasion or in a zone disrupted by intramural strife. Finally, the "residuary" powers of government were deemed to belong to the states, counties, and towns of a decentralized land.

The effect of the Spanish-American War, as Sumner had foreseen, was to foster an impatience with the law as protector of the individual in the exercise of his inalienable rights. Impregnated by the doctrines of what Professor Burgess calls "democratic Caesarism," the government of Theodore Roosevelt "took" the band of territory needed for the Panama Canal. By bringing about the Peace of Portsmouth through intermediation between Russia and Japan, we put our seal on Japan's presumption to a footing on the Asiatic continent. Professor Burgess calls the overseas policy of the U. S. after 1898 a diplomatic application of "Roughriderism." This beyond-the-waters-edge Roughriderism soon had its internal effect; as Professor Burgess points out, it helped promote "disrespect for regular constitutional and legal processes and developments."

The Progressive Income Tax

The first great blow to the individual's right to control the application of his own energy and ingenuity came with the progressive income tax. With the passage of the income tax amendment, there was nothing left in law to prevent the government from taking the entire product of all property and all labor if it so chose. In 1923, when Professor Burgess

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was writing his book, individual income taxes were far from onerous. But Burgess feared the worst. He argued that the effect of the progressive income tax would be to substitute "compulsory" for "voluntary" socialism in "all the finer institutions of our social civilization, our churches, our universities and colleges, our schools of art. . . ."

These, he said, had been created and sustained on the principle of voluntary socialism – i.e., by the free gifts of money and labor and the cooperation of uncoerced individuals. But once the State had begun to take "half of their incomes" from people, government would itself be compelled to support the "finer institutions. . . . It would result," so Burgess said in 1923, "in governmental control of religion, philosophy, science, thought, and artistic feeling, the very spheres in which the highest results can never be attained except through complete individual liberty, modified only by voluntary association."

Federal Aid to Education

Thus spoke a responsible and truth-loving Cassandra some thirty years before the clamor for "federal aid to education" began swamping the public prints. There isn't a college or university president today who doesn't lament the unwillingness – or the incapacity – of private donors under modern tax conditions to keep higher education abreast of our needs as a civilized nation. Most of the college and university presidents fear that the long arm of government control would follow any major federal assumption of the financial burdens of higher education. Yet the economics texts used in the colleges and universities presided over by these fearful ones take the progressive income tax for granted – and you will look in vain through their indexes for the name of Professor John W. Burgess!

Burgess wrote his book just after the Great War of 1914-18, and the horrors of the Espionage Act were still fresh in his mind. The Espionage Act effectively redefined treason to mean almost anything which anybody in power happened to dislike. It made "abusive" language about the "form of government of the United States" punishable by a fine of not more than $10,000 or imprisonment for not more than twenty years or both. As Professor Burgess remarked, such a provision could have been used to jail a man for agitating for a Congress of one House, or a cabinet responsible to Congress, or an Executive for a life term, or for any other reform looking to a change in government structure.

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Indeed, the words in the Espionage Act forbidding the publication of any language calculated to bring the Constitution of the United States into "disrepute" could be construed to forbid proposals for amending that Constitution. The Espionage Act clearly made the First Amendment to the Constitution "practically worthless." True, it was a wartime act, but Professor Burgess argues that basic rights which can be suspended whenever the State presumes to declare an "emergency" are, in actuality, no rights at all.

The Seeds of Constant War

Professor Burgess would not have been surprised, though he would have been horrified, by the renewed onslaught on the Constitution that occurred after his death. As for the course of events in Europe, his prophecy of what would come out of the Versailles-dictated fragmentation of a continent has proved accurate to the last comma. In 1923 Professor Burgess quoted Abraham Lincoln against Woodrow Wilson. "In Lincoln's political philosophy," said Burgess, "the self-determination of peoples unsupported by the conditions of natural physical boundary is secession pure and simple, no matter with what rhetoric it may be presented."

Burgess predicted the return of chaos to Middle and Eastern Europe if race and language, rather than such natural boundaries as the Carpathian Mountains, the Pripet marshes, and the Balkan highlands, were to continue as the factors making for nationhood. To a contemporary Hungarian freedom-fighter, Burgess' words about the "seeds of constant war" being sown by breaking "the old Austro-Hungarian Empire into four independent states" must seem like sober truth at last. It is singularly late in the day, however, to be catching up with what a perceptive mind first set down when the middle-aged rulers of the contemporary world were still undergraduates in college.

Of course, when the contemporary rulers were in college the Burgesses were already in eclipse as teachers. The Burgesses of 1923 left no successors; as someone put it the other day, "We are all Wilsonians now." But as the bankruptcy of the Wilsonian world, with its progressive income tax, its increase of "compulsory socialism," its expanded definition of treasonable utterance and its atomizing view of nationality, becomes more and more and more obvious, it may be that books like Professor Burgess' *Recent Changes in American Constitutional Theory* will finally come into their own. • • •

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The Rape of the Mind

By Dr. J. A. M. Meerloo.

Cleveland: World Publishing Co. $5.00.

This important book is written by a psychiatrist who experienced Nazi sadism at first hand in a concentration camp. After the usual nightmare adventures he reached this country and here has been used as an expert witness in the cases of American soldiers who collapsed under "brainwashing." He has gone on record that every normal man whose mind has yet to be profoundly trained can be broken under the present skilled pressures. He is rightfully contemptuous of "truth drugs" and shows the shallowness of Russian "Pavlovism." But his advice on preventive training sounds vague and conventional, coming from this tried and gallant defender of liberty and the soul's integrity.

We are told, for instance, that rats kept in luxury are soft, and so are men; that the advisory committee that drafted the code "to Govern the Conduct of American Fighting Men" was divided between the "hard Spartan view" and the more lenient. Dr. Meerloo appears to regard these as the only alternatives and to incline toward the former. But before we attempt to assess these alternatives, it is important for us to know that young Spartans were trained to be tough and violent by butchering their helots, and that almost every Spartan, given a position abroad where he could betray his hated country for money, did so.

Nonviolent Methods

This book contains no reference to nonviolent techniques of psychological training, such as the spiritual exercises of the Jesuits or the Buddhists. There is one reference to such new aids to concentration and character implementation as mescalin and lysurgic acid, but unfortunately it is quite uninformed. Although work in this field is still in the opening phases, those who have examined the results so far obtained believe that it holds remarkable promise for the education of the emotions so that they may cooperate with and actualize the directives of the reason and the conscience.

The general public has been informed about these experiments largely through a little book by Aldous Huxley, describing what happened to him. Meerloo can dismiss Huxley's account as not being a scientific paper, but his reference to his own negative experience twenty-five years ago is no more scientific.

These new medicaments do not "sell artificial heavens" or for that matter "artificial hells." They teach

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the subject swiftly and deeply to confront his true self. This knowledge may be painful or it may be a great relief. It can always be profitable. Of course, it should be given only by a medical psychiatrist skilled in the use of this aid as a producer of profound attention. Huxley helped to further that research by acting as a subject for one of the most able of the medical pioneers in this vital field.

To Train the Mind

Drill, discipline, esprit de corps, these are all rudimentary ways of mind-training. Auto-suggestion, meditation, contemplation, often accompanied by severe austerities were the ways the ascetic saints made themselves invulnerable; the intense ecstatic group field of the *agape* was what raised Christian martyrs above their anguish. What we are now waiting for, Arthur Koestler has said, is a truly contemporary psychophysical technique and training manual. Whatever national community gets this first will have the initiative. This research is but a few years old, but its promise is great. Increasingly the answer to the challenge of psychological warfare seems to lie here, in the power to mobilize our only true defense, the inner discipline for which Dr. Meerloo pleads so convincingly.

GERALD HEARD

Conquest of the American Mind

By Felix Wittmer. Boston: Meador. 352 pp. $5.00.

This book is a veritable encyclopedia of leftwing organizations, publications, and people. It has two long indices, one of people and the other of subjects. Suppose you are curious about a textbook in your local school, or a pamphlet being urged for study by your men's club. Chances are that you will find helpful references to it in Wittmer's book. Or, if you want to know how *Readers' Guide* operates, or how the Best Seller lists are put together, this book will tell you. Plus hundreds of other important items of information, all carefully indexed for quick and easy reference.

Dr. Wittmer must have gone through mountains of material and millions of words as background for this book. The scholarly apparatus does not encumber the book, however, which is written with considerable verve.

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THE MARKET does not directly prevent anybody from arbitrarily inflicting harm on his fellow citizens; it only puts a penalty upon such conduct. The shopkeeper is free to be rude to his customers provided he is ready to bear the consequences. The consumers are free to boycott a purveyor provided they are ready to pay the costs. What impels every man to the utmost exertion in the service of his fellow men and curbs innate tendencies toward arbitrariness and malice is, in the market, not compulsion and coercion on the part of gendarmes, hangmen, and penal courts; it is self-interest. The member of a contractual society is free because he serves others only in serving himself. What restrains him is only the inevitable natural phenomenon of scarcity. For the rest he is free in the range of the market.

A selection from Human Action *by Ludwig von Mises. Yale University Press, New Haven. 889 pp. $10.00*

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